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JULY, 1886.—CONTENTS.

I.—The Public Debt and Pensions.....	1
II.—Deposits of Savings with States and Cities.....	3
III.—Silver Money in India.....	5
IV.—Financial Facts and Opinions.....	8
V.—Increased Requirement of Money.....	18
VI.—The Relation Between Banks and Their Depositors.....	25
VII.—Commercial Exchanges of the United States.....	36
VIII.—Correspondence.....	42
IX.—Economy in the Use of Gold in Scotland.....	43
X.—The German Peasantry.....	49
XI.—Gladstone's Views on England's Currency.....	52
XII.—Bank Taxation.....	53
XIII.—Book Notices—Review of Recent Publications.....	62
XIV.—Inquiries of Correspondents.....	63
XV.—The Condition of National Banks.....	64
XVI.—Banking and Financial Items of June.....	65
XVII.—Obituary.....	69
XVIII.—New Banks and Bankers, Changes, Dissolutions, etc.....	70
XIX.—Prices of Stocks and Bonds in June.....	74
XX.—Notes on the Money Market—Financial and Commercial Review.....	75

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A.

Abrasion of coin, 607.
Accounts of City of London, 936.
Address at Bankers' Convention, 297.
Adulteration of food prevented, 645.
Advancing money, 128.
Advantage to small shippers, 882.
Alien landowners, 943.
Altered certificate of deposit, 430.
American and European stocks compared, 571.
 • labor organizations, 940.
 • preserved meats, 733.
 • products in England, 651.
 • securities abroad, 257, 412.
 • shipbuilding, 409.
 • syndicate in Honduras, 228.
 • Stock Exchange methods, 274, 350.
 • wheat exports, 348.
Annexation of Canada, 92.
Annual increase of wealth, 408.
 • mint report, 539.
 • report from Minnesota, 416.
Another avenue for speculation, 885.
 • call for three per cents, 785.
Appointment of National bank examiner, 945.

Appreciation of gold, 244.
Appropriation of money by Congress, 722.
Arbitrage speculation in London, 529.
Argentine Republic banking business, 947.
Artesian wells in the West, 15.
Assessments of shareholders of banks, 154.
Atchison, Topeka and Santa Fe Railroad, 928.
Auditing accounts, 322.
Auditor's responsibility, 916.
Average price of stocks, 94.
 • price of wheat, 649.

B.

Bank audit, 915.
 • circulation, 310, 405, 546, 561.
 • plans for, 602.
 • collections, 739.
 • defalcation, 916.
 • deposit retained for debt, 500.
 • dividends for creditors, 946.
 • note circulation, 402.
 • issues, 242.
 • of Montreal, 148.
 • reserves and low rates, 138.
 • shareholders, assessments of, 154.

Bank statement, Boston, 80, 153, 234, 314, 394, 474, 560, 628, 710, 795, 873, 964.
 " " New York, 80, 153, 234, 314, 394, 474, 560, 628, 710, 795, 873, 964.
 " " Philadelphia, 80, 153, 234, 314, 394, 474, 560, 628, 710, 795, 873, 964.
 " tax case, 467.
 " taxation, 53, 467, 599, 617, 846.
 Bankers' Clearing-house, 706.
 " Convention, 65, 161, 200.
 " in Scotland, 843.
 " on the Treasury surplus, 144.
 Banking and commercial education, 563.
 " and currency, 805.
 " and financial items, 65, 146, 229, 309, 385, 466, 545, 625, 705, 780, 861, 944.
 " and financial situation, 201.
 " and legislation, 174.
 " capital needed in the South, 458.
 " in California, 929.
 " in England, 771, 837.
 " in Scotland, 43.
 Bankruptcy legislation, 208.
 Banks and depositors, relations between, 25, 104, 180, 260, 329, 419, 500, 579, 663, 739, 826.
 " as collecting agents, 739.
 " bankers and Savings banks, new, 70, 150, 231, 311, 391, 471, 551, 629, 708, 788, 865, 953.
 " in Argentine Republic, 947.
 " in 1861, 363.
 " liability for stolen bonds, 613.
 " new National, 71, 153, 234, 312, 392, 473, 553, 634, 710, 795, 868, 957.
 " of California, 211.
 " organized during the year, 523.
 " " in United States, 887.
 Barter in the United States, 20.
 Beet sugar in California, 578.
 " " in Great Britain, 488.
 Berlin Bourse, 514.
 Bierstadt, O. A., on Latin Monetary Union, 807.
 Bill for government of Savings banks, 760.
 " for lending national revenue, 626.
 " indorsed by stranger, 933.
 " of exchange for gambling transactions, 763.
 " before Congress, 723.
 " of lading, 204.
 " of lading as collateral, 766.
 Bimetallic system of coinage, 897.
 Bimetallism, 190, 891.
 " in Europe, 747, 819.
 " in India, 12.
 Bond call, 147, 149, 163, 241.
 " deposits, 545.
 " holders of Virginia, 950.
 " investments, 324.
 " sale, 66.
 Bonds, call for, 11, 65, 241, 385.
 " of officials, 247.
 " of State of Ohio, 3.

Bonds of the Latin Union States, 903.
 " past due, held as security, 253.
 Book notices, 62, 225, 381, 781, 857.
 Borrowing and loaning stocks, 912.
 Boston bank statements, 80, 153, 234, 314, 394, 474, 560, 628, 710, 795, 873, 964.
 " bank stocks and dividends, 390.
 " National banks, net profit of, 345.
 Branch banking, 207.
 British and Indian currencies, 648.
 " brewing trade, 811.
 " consumption of breadstuffs, 818.
 " exports of cotton cloths, 487, 653.
 " export of silver, 406.
 " gold coins, 338.
 " import of silver, 656.
 " import of wheat, 737.
 " iron trade, 811.
 " prices, 650, 655.
 Building trades, 346.
 Buildings for banks, 945.
 Burmese mint, 459.
 Business and Inter-State Commerce Act, 881.
 " centralization, 931.
 " failures, 173.
 " monopolies, 893.
 " prospects, 801.

C.

California banking, 929.
 " banks, 211.
 " beet sugar, 578.
 " Savings banks, 757.
 Call for bonds, 11, 65, 147, 149, 163, 241, 385.
 Canadian bank dividends, 948.
 " Inter-State bill, 946.
 " Post-office Savings banks, 235.
 " public debt, 597.
 " reciprocity, 91, 341.
 Cattle dealers in the West, 893.
 Causes for English depression, 936.
 " of decline in wheat prices, 810.
 " of the economic crisis, 123, 217.
 Census of Algeria, 574.
 " of Massachusetts, 939.
 Centralization in business, 931.
 Certificates of deposit, 419, 531.
 Change in the coinage, 498.
 Changes, dissolutions, etc., 73, 151, 232, 314, 394, 474, 552, 633, 715, 794, 869, 954.
 " of president and cashier, 72, 152, 233, 313, 393, 472, 552, 631, 711, 790, 870, 955.
 Charters of trade associations, 115.
 Checks, considered as cash, 180.
 " deposit of, 109.
 " presented for payment, 663.
 Chicago cattle prices, 652.
 " Life Insurance Co., 923.
 " stock yards, 893.
 " wheat deal, 662.
 Chinese industrial guilds, 538.
 Circuit Court of Cook Co., Illinois, 923.

Circuit Court, S. D., New York, 535.
 Circulation of foreign coin, 495.
 • of gold, 245, 339.
 • of money, 98.
 • of notes in Scotland, 45.
 • of paper currency, 889.
 • of silver in France, 387.
 • of small notes, 168.
 • of the National banks, 343.
 City of London accounts, 936.
 Civilization in Asia, 102.
 Clarke, Wm. A., death of, 787.
 Clearing houses, 302.
 • house of Paris, 96.
 • of San Francisco, 777.
 • payments, 826.
 • settlements, 906.
 Coal mining, 891.
 Coinage of gold, 127.
 • of rupee, in India, 5, 12.
 • of silver, 96.
 • of the world, 369.
 Coins and medals of the ancients, 660.
 Collection of draft, 535.
 Collections made by banks, 739.
 Colorado mines, 14.
 Combinations of capital, 932.
 Commerce and the banks, 297.
 Commercial and industrial growth, 210.
 • banks, 930.
 • education, 563.
 • exchanges, 36, 113, 191, 274, 350, 432, 510, 593.
 • history of United Kingdom for the year, 736.
 • peasantry of Russia, 753.
 Compromise on silver coinage, 625.
 • tariff bill, 812.
 Comptroller of the Currency's report, 522.
 Comptroller's report, 466.
 Condition of finances in Europe, 886.
 • of National banks, 64.
 • of the wheat crop, 889.
 • of the Treasury, 81.
 Congress meeting, 401.
 Conscience in business, 645.
 Consumption of breadstuffs by the British, 818.
 • of gold, 126.
 • of sugar, 655.
 Continental money, 470.
 Convention of American Bankers' Association, 144, 161.
 • of Latin Monetary Union, 902.
 Convict labor, 539.
 Co-operation in Great Britain, 894.
 Copper production in United States, 10.
 Corporation checks, payment of, 329.
 Correspondence, 48, 856.
 Cost of being "ordered out," 855.
 Cotton cloths, British exports of, 487.
 • exchange of New York, 16.
 • exports, 337.
 • in the South, 892.
 • oil industry, 726.
 Counterfeit small coins, 588.
 Credit agencies, 405.
 Crop values, 818.
 Cuba, economic condition of, 939.

Currency of England, 52.
 • of Germany, 86.
 • of India, 490.
 • outstanding, 889.
 • problem, 762.
 • used in banking, 805.
 Custom house duties, 573.
 • returns, 409.

D.

Deaths, 80, 160, 240, 320, 400, 480, 560, 640, 720, 800, 880, 964.
 Dealer's advice tickets, 909.
 Debt of France, 489, 691.
 • of Maine, 577.
 • of Virginia, 950.
 Debt, the public, and pensions, 1.
 Debts set-off, 578.
 Decimal system of coinage, 438.
 Decision of Judge Dykman, 946.
 Declaration of stock dividends, 927.
 Decline in price of copper, 734.
 • in wheat prices, 810.
 Decrease in bank-note circulation, 519.
 • in price of silver, 808.
 • of foreign trade, 886.
 Defalcation in banks, 916.
 Deficiency of house accommodation, 347.
 Demand for gold, 244.
 • for small coin, 940.
 De Pauw, Hon. W. C., death of, 951.
 Deposit of greenbacks, 686.
 • retained for debt, 500.
 Depositor's contract with bank, 104.
 Deposits of savings, with States and cities, 3.
 • payment of, 260.
 Depression in England, 936.
 Development of the South, 888.
 Directors, duty and liability of, 923.
 Discounting commercial paper, 695.
 Dividend for bank creditors, 946.
 Dollar, standard money unit, 439.
 Duties of clearing houses, 907.
 • on sugar, 540.
 Duty and liability of directors, 923.
 • on cereals, 93.

E.

Early American labor organizations, 940.
 • English banking, 771, 837.
 Economic crisis and its causes, 123, 217, 280.
 • condition of Cuba, 939.
 • notes, 137, 379, 459, 538, 853, 936.
 Effect of failure to present check, 375.
 • of strikes on society, 138.
 • of lowered interest rates, 256.
 • of the bond calls, 888.
 • on trade, of Inter-State Commerce law, 944.
 Egypt, gold and silver in, 13.
 Election of bank auditors, 919.
 Emigration of British subjects, 169.
 England, currency of, 52.

English, agricultural estates, 171.
 • and American trade, 652.
 • depression, 936.
 • loans, 414.
 • wholesale society, 896.
 Establishment of the first mints, 437.
 European Bourses, 769.
 • dry goods market, 255.
 • finances, 571.
 • financial affairs, 886.
 • manufactures, low prices of, 487.
 • prices, 342.
 • public debts, 574.
 Evils of speculation, 309.
 Excessive production, 269.
 Excess of imports over exports, 492.
 • of revenue over expenditure, 17.
 Exchange of commodities, 341.
 Experiments in extracting sugar, 486.
 Expense of maintaining the mint, 495.
 Expenses of management of Scotch banks, 844.
 Exportation of gold coin, 608.
 Export and import of gold, 738.
 • of beet sugar, 488.
 • of gold, 95.
 Exports from San Francisco, 730.
 • of cotton, 337, 576.
 • of American wheat, 348.
 • of wheat from India, 413, 492, 570.
 Express business, 931.
 Extent of present commercial depression, 380.
 Extradition case, 548.

F.

Failures for the year, 618.
 • in business, 173.
 • in the United States, 576.
 Fall in agricultural rents, 575.
 • in interest rates, 83.
 • in London prices, 569.
 • in prices, 282.
 False indorsement, 933.
 Farm mortgages, 197.
 Farwell, Geo. N., death of, 704.
 Financial affairs in Europe, 886.
 • and commercial review, 75, 157, 237, 316, 396, 476, 556, 636, 716, 797, 875, 959.
 • condition of the Irish people, 814.
 • difficulties of Russia, 690.
 • facts and opinions, 8, 88, 165, 250, 336, 406, 484, 568, 647, 730, 810, 885.
 • frauds, 937.
 • prospects of the country, 525.
 • situation in France, 539.
 Finding treasure-trove, 937.
 First bank in California, 929.
 • issue of coin, 442.
 Fluctuations in London price of silver, 653.
 Food inspection at Paris, 380.
 Foreclosures of railroads, 259.
 Forged bills of lading, 695.
 • indorsement, 933.

Forged notes, 308.
 Foreign banks, 930.
 • capital in Spain, 630.
 • commerce of Japan, 730.
 • dry goods, 9.
 • exchange markets, 960.
 • freighting business, 409.
 • merchandise trade, 258.
 • trade of Russia, 755.
 • • of United States, 886.
 Form of certificate of deposit, 419.
 Forst, D. P., death of, 951.
 Fractional silver currency, 897.
 Free coinage of silver, 657.
 • • of standard dollars, 272.
 Freight charges on railroads, 813.
 • transportation, 326.
 French census, 649.
 • circulation of silver, 387.
 • custom house returns, 345.
 • finances, 489, 691.
 • money standard, 819.
 • national debt, 340.
 • rentes, purchase of, 13.
 • school for mercantile education, 600.
 Fund for Panama Canal, 381.
 Funds deposited for special purpose, 106.

G.

Gas and electric lighting, 731.
 Georgia land thieves, 853.
 German industry, 938.
 • peasantry, 49.
 • currency, 86.
 • monetary system, 750.
 Germany, rents in, 575.
 Gold and silver in Bolivia, 461.
 • and silver in Egypt, 13.
 • and silver in Great Britain, 16, 95.
 • and silver, purchasing power of, 253.
 • appreciation, 244.
 • clearing system, 908.
 • coinage, 48.
 • coined in larger denominations, 574.
 • coins, valuation of, 496.
 • exported and imported, 738.
 • exported in June, 95.
 • in California, 929.
 • in Germany, 86.
 • in Great Britain, 486.
 • premium, 268.
 • production, 647, 654.
 • standard, 207.
 • use of, in Scotland, 43.
 Government aided by the banks, 363.
 • bonds, 172, 402, 408, 415, 493, 577.
 • bonds exempt from taxation, 488.
 • expenditures, 721.
 • notes, new series, 65.
 • of commercial exchanges, 113.
 • of the stock exchange, 595.
 • redemption of trade dollars, 952.
 • tax on railroad dividends, 928.
 Grain receipts at Chicago, 817.
 Great Britain, trade in, 90.
 • Britain's import of beef, 571.
 • • imports, 892.

- Great Britain's income tax, 254.
- " " iron production, 166.
- " " monetary policy, 749.

H

- Habits of the German people, 938.
- Hamilton's report on the coinage, 440.
- Hawaiian treaty, extension of, 89.
- Heidelberg, Philip, death of, 547.
- Herrick, Hon. Chas., death of, 547.
- Higher values in the stock market, 17.
- High rate for money, 929.
- " " of interest, 771.
- Holders of bonds, 685.
- Home rule for Ireland, 166.
- How money is lent on the London Stock Exchange, 455.
- " savings are invested, 137.
- Huntzinger, Henry H., death of, 787.

I.

- Illegal stock jobbing, money lent for, 610.
- Importation of dry goods, 9.
- Import of silver by India, 340.
- Imports and exports of India, 95.
- " of Great Britain, 892.
- " of silver into Great Britain, 575.
- Increased requirement of money, 18, 97.
- " shipments from Buenos Ayres, 650.
- Increase in gold and silver production, 654.
- " of railroad construction, 648.
- " of railroad earnings, 959.
- " in silver production, 899.
- " in speculation, 801.
- India and the English, 855.
- " importation of silver, 68.
- " railway receipts in, 96.
- " silver money in, 5.
- Indian cotton mills, 568.
- " prices, 340.
- " wheat, 253.
- India's currency, 490.
- " import of silver, 340.
- Indicting county assessors, 630.
- Indorsement forged, 933.
- Indorsements on bills of exchange, 947.
- Industrial war, 117.
- Industry of Germans, 938.
- Inefficiency of bank audit, 915.
- Inquiries of correspondents, 63, 140, 228, 305, 384, 464, 543, 623, 703, 778, 857, 941.
- Inspection of accounts by public officials, 323.
- " of food at Paris, 380.
- Institute of bankers in Scotland, 843.
- Insurance in Germany, 12.
- Internal revenue, 538.
- International conference on coinage, 589.
- " monetary conference, 823.
- Interest, fall in rates, 83.
- " on deposits, 454.
- " on notes, 371.
- " rates lowered, effects of, 256.
- Inter-State Commerce Act, 881.
- " " law, 688.

- Investment in bonds, 324.
- Investments for Savings banks, 947.
- " in Oregon, 10.
- " in Western land, 808.
- Irish agricultural products, 414.
- " land purchase, 166, 250.
- Iron and steel industries, 735.
- " industries, 960.
- " in the South, 888.
- " production of Great Britain, 166.
- Issue of notes by State banks, 566.
- Issuing bank notes, 600.
- Italy, wages in, 11.

J.

- Japan's foreign commerce, 730.
- Joint deposits, payment of, 335.
- Judge Dykman's decision, 946.

K.

- Knox, John J., on bank circulation, 603.

L.

- Labor of convicts, 939.
- " organizations of America, 940.
- " strikes, scheme for preventing, 946.
- " troubles, 118.
- " " in Great Britain, 895.
- Land bonds of the Argentine Republic, 816.
- " forfeited for taxes, 547.
- " held by foreign capitalists, 725.
- " mortgage security banks, 817.
- Latin Monetary Union, 819, 897.
- Lead and copper production, 651.
- Legal Miscellany, 223, 378.
- Legislation affecting small coin, 940.
- Lending the national revenue, 626.
- Liability of bank directors, 923.
- " of bank for stolen bonds, 613.
- " of National bank stockholders, 452.
- " of subsequent indorser, 933.
- Local duties upon articles of consumption, 492.
- London accounts, 936.
- " arbitrage speculation in, 529.
- " bankers' clearing-house, 654.
- " operations in American securities, 892.
- " price of silver, 653.
- " settlements, 389.
- " silver market, 885.
- " stock exchange, 455, 510.
- " Times on bimetalism, 190.
- Long, N., death of, 951.
- Losses on coin by wear, 607.
- Loss of circulation by retiring bonds, 686.
- " of trade, 959.
- Lost pass books, 368.
- Lowell cotton spinning interests, 931.
- Lower rate of interest for Holland, 568.
- Low prices of agricultural products, 571.
- " " of European manufactures, 487.

M.

- Mackin, James, death of, 787.
- McKim, Robt., death of, 951.
- Maine, debt of, 577.
- Management of Scotch banks, 844.
- Manufacture of cotton seed oil, 727.
- Manufactures in China, 410.
- Maritime Bank failure, 947.
- Marketing of cotton, 732.
- Market value of bonds, 684.
- Markets of the world, 484.
- Massachusetts census, 939.
 - Savings banks, 705.
- Meeting of Congress, 401.
- Membership in commercial exchanges, 191.
- Mercantile clearing houses, 905.
 - education, 600.
- Methods of American Stock Exchange, 274.
 - of the N. Y. Clearing House, 909.
- Metropolitan London banks, 811.
- Mexican reciprocity treaty, 91.
- Mineral resources of Bolivia, 461.
- Mines of Colorado, 14.
- Mining schemes, 435.
- Minnesota, seventh annual report from, 416.
- Mint, law of 1873, 591.
 - report for the year, 539.
 - test, 470.
- Mints of the United States, 658.
- Monetary circulation of Europe, 897.
 - revolutions, 281.
 - system of Germany, 750.
- Money appropriated by Congress, 722.
 - deposited by public officers, 833.
 - increased requirement of, 18, 97.
 - in Germany, 99.
 - in India, 100, 169.
 - in Norway, 99.
 - in Switzerland, 99.
 - in the South, 9.
 - invested in Argentine Republic, 947.
 - lent for illegal stock jobbing, 610.
 - loaned by the banks, 367.
 - market, 75, 157, 237, 316, 396, 476, 556, 636, 716, 797, 875, 959.
 - market of New York, 890.
 - of the early colonists, 436.
 - standard of Great Britain, 749.
- Monopolies in business, 893.
- Monopoly of land, 121.
- Montreal Bank statement, 948.
- Movement of the cotton crop, 817.
- Mr. Manning's career in the Treasury, 641.
- Mutilated notes, 945.

N.

- National bank examiner appointed, 945.
 - • legislation, 709.
 - • shares, tax on, 149.
 - • banking interests, 684.
 - • system, 251, 323, 343, 527.
 - banks, 64, 92, 705.
 - • new, 71, 153, 234, 312, 392, 473, 553, 634, 710, 795, 868, 957.

- National bank taxation of, 443.
 - bank stockholders, liability of, 452.
 - circulation of currency, 517.
 - currency, 385.
 - debt, reduction of, 84.
 - surplus, 345.
- Need for mercantile education, 600.
 - of banking capital in the South, 458.
 - of currency in business, 889.
- Need kind of securities, 388.
- Negotiable certificates, 427.
 - instrument, 219, 291.
- Negotiability of post office orders, 388.
- New banking bill, 784.
 - buildings for banks, 945.
 - coin issued by the mint, 657.
 - cotton mills in India, 484.
 - Government notes, 65.
 - Pennsylvania revenue law, 948.
 - plan for national currency, 385.
 - process for extracting sugar, 486.
 - silver certificates, 321.
 - standard of value, 815.
 - treasurer, 944.
- New York bank tax case, 804.
 - • Central Railway Co., 928.
 - • Clearing-house returns, 80, 153, 234, 314, 394, 474, 560, 628, 710, 795, 873, 964.
 - • Cotton Exchange, 16.
 - • Gold Exchange Bank, 908.
 - • money market, 890.
 - • State Savings banks, 761.
 - • State, system of taxation, 445.
 - • Stock Exchange, 593.
- New Zealand, municipal debts, 491.
 - shipments, 411.
 - shipping company, 733.
- Nicaragua Canal, 621.
- Notable temple of trade, 677, 753.
- Note circulation, 243.
 - payable in another State, 371.
- Notes mutilated, 945.
 - on the money market. [See money market.]
 - redeemed during the year, 520.
- Novel case of forgery, 950.

O.

- Obituary notices, 69, 149, 675, 704.
- Officers of commercial exchanges, 114.
 - of the mint, 659.
- Official bulletin of new National banks. [See National banks.]
- Operation of clearing houses, 906.
- Oregon, capital in, 10.
- Organization of commercial exchanges, 36.
- Our coinage and the mint, 436, 494, 588, 656.
 - imports and exports, 413.
- Outstanding National bank circulation, 415.
- Over-production of wool, 961.
- Ownership of trust deposits, 926.

P.

- Panama Canal, 92.
 Paper currency, 15, 20, 460.
 " circulation, 889.
 Paris Bourse, 510.
 " Clearing-house, 96.
 Partnership deposits, 260.
 Pass books lost, 368.
 Payment by bank, 132.
 " of bonds, 163.
 " of certificate, 429.
 " of check, 221.
 " of corporation checks, 329.
 " of customs duties, 813.
 " of depositors' notes, 183.
 " of deposits, 261, 335.
 " of the National debt, 408.
 " of wife's deposit, 333.
 " through the clearing-house, 826.
 Payments to executors and trustees, 331.
 Peasants of Germany, 49.
 Pennsylvania railroad statement, 731.
 " revenue law, 948.
 " real estate, 573.
 " Supreme Court, 610.
 Pensions and public debt, 1.
 Personal property taxed, 404, 681.
 Philadelphia bank statement, 80, 153, 234, 314, 394, 474, 560, 628, 710, 795, 873, 964.
 Pine tree coinage, 437.
 Pinneo, Jas. B., death of, 627.
 Plans for reducing the revenue, 621.
 " of bank circulation, 602.
 Post office orders, negotiability of, 388.
 " Savings banks of Canada, 235.
 Power of National banks to borrow money, 131.
 Precious metals in India, 101.
 Premium on bonds, 406.
 " on gold, 268.
 " on Government bonds, 325.
 Present commercial depression, 380.
 Presentment of checks, 663.
 Preston, David, death of, 863.
 Preventing labor strikes, 946.
 Price of cattle in Chicago, 652.
 Prices in Europe, 90.
 " of corn, 493.
 " of Government bonds, 415, 892.
 " of silver, 737.
 " of wheat in England, 571.
 Product of lead and copper, 651.
 Production of gold, 647, 654.
 " of gold and silver, 854.
 " of pig iron, 734.
 " of precious metals, 216.
 " of salt, 8.
 Profit made by the National banks of Boston, 345.
 " sharing, 206, 856.
 Profitable field for capitalists, 735.
 Profits on silver coinage, 812.
 Progressive taxation in Switzerland, 528.
 Promissory notes, 422.
 Proposed effort to reduce the revenue, 462.
 Prospects of business, 801.
 " of foreign exchange market, 960.

- Provident Savings Bank, 287.
 Public debt and pensions, 1.
 " of Canada, 597.
 " deposits, 108, 833.
 " expenditure, 728.
 Purchase of French rentes, 13.
 Purchase of Government bonds, 620.
 Purchasing power of silver and gold, 253.
 Purchases of silver in the London market, 572.
 Purpose of clearing houses, 905.

Q.

- Queensland loan, 736.
 Question of bank circulation, 562.

R.

- Railroad construction increased, 648.
 " discriminations, 248.
 " dividends, 927.
 " earnings increased, 959.
 " pools, 326.
 " stocks, 433.
 Railway foreclosures, 259.
 " receipts in India, 96.
 " transportation, 882.
 Railways in India, 411.
 Raised bank notes, 389.
 Rates for money, 94, 840.
 Real estate in Pennsylvania, 573.
 Reasons for suspending silver coinage, 651.
 Recoinage of United States gold, 608.
 Recent bond calls, 241.
 Reciprocity treaty with Canada, 14, 341.
 " with Cuba, 90.
 Redemption of a bond, 546.
 " of bank notes, 518.
 " of called bonds, 731.
 " of Government bonds, 890.
 " of small silver money, 904.
 " of trade dollars, 785, 952.
 Reduced rates for freight, 248.
 Reduction of the public debt, 576.
 " of the revenues, 540, 621.
 Reform in bank audit, 919.
 Relation between banks and depositors, 25, 104, 180, 260, 329, 419, 500, 579, 663, 739, 826.
 " of the banks, 302.
 Relations of gold and silver in France, 820.
 Relative value of silver, 900.
 Remonetizing silver in Great Britain, 97.
 Rents in Ireland, 250.
 Reorganization of railroads, 259.
 Report of Comptroller of the Currency, 466, 522.
 " of co-operative wholesale societies, 894.
 " of foreign trade, 147.
 " of payments on the interest-bearing debt, 344.
 " of State Savings banks, 761.
 " of United States Treasurer, 518.
 Reports from the Treasury, 481.

Resources of California banks, 930.
 Responsibility of bank auditors, 916.
 • of indorser, 421.
 Result of labor strikes, 959.
 Revenue law of Pennsylvania, 948.
 • reduction, 401.
 Revision of the mint laws, 590.
 Rights and duties of members of ex-
 changes, 191.
 Rise in London silver market, 339.
 • in railway bonds, 412.
 • of prices, 99, 255.
 • of wages, 379.
 Royal British Commission, report of, 172.
 Rupee, coinage of, in India, 512.
 Russian financial difficulties, 690.
 • Government stocks, 411.
 • temple of trade, 677, 753.

S.

Sale of Government lands, 724.
 Sales in the Stock Exchange, 352.
 • of Irish lands, 485.
 Salt, taxation of, 8.
 San Francisco Clearing-house, 777.
 • Mint, 656.
 Savings bank investments, 947.
 • trustees, 700.
 • banks, 930.
 • banks of California, 757.
 • of Maine, 67.
 • deposited with States and cities, 3.
 Scarcity of gold, 123.
 Scheme for preventing labor strikes, 946.
 School Savings banks in Europe, 459.
 Scotland, use of gold in, 43.
 Scottish wholesale society, 896.
 Security for bank shareholders, 919.
 Senator Sherman's bill, 590.
 Service of banks to commerce, 297.
 Settlements in Kansas, 94.
 Shipping business, 881.
 • Company of New Zealand, 733.
 Signature of bank auditor, 916.
 Silver agitation, 657.
 • certificates, 321.
 • in the West, 889.
 • coinage, 96, 177.
 • imports into India, 68.
 • in Germany, 254.
 • in India, 5, 91, 254.
 • mines, 170.
 • question, 208, 212, 214.
 • statistics, 199.
 Sinking fund payments, 11.
 Small coin affected by legislation, 940.
 Smithers, Chas. F., death of, 952.
 Something from nothing, 286.
 South-Eastern Railway's Savings Bank,
 287.
 South, high rates for money in, 9.
 Southern production of iron, 888.
 Spain's deficiency of money, 815.
 Special deposits, 25.
 Speculation increasing, 801.
 • in silver bullion, 885.
 • in wheat and coffee, 961.

Standard of the Latin Monetary Union,
 903.
 State bank currency, 606.
 • notes, 517, 566.
 • banks in Minnesota, 418.
 • expenditures, 728.
 • taxation, 644.
 Statement of Bank of Montreal, 948.
 • of Canadian chartered banks, 554.
 Statistics of coal mining, 891.
 • of St. Louis banks, 624.
 Steel rails in America, 407.
 Sterling exchange, [See money market.]
 Stock Exchange of London, 510.
 • of New York, 593.
 • and bonds, prices of, 74, 156, 236,
 315, 395, 475, 555, 635, 716, 796,
 874, 958.
 • clearances, 907.
 • dividends, 927.
 • exchange and the railways, 888.
 • gambling, 950.
 • and shares compared, 512.
 • loaned, 359.
 • of provisions at Chicago, 739.
 • yards of Chicago, 893.
 Stringency in the money market, 888.
 Sub-Treasury system, 702.
 Substitution of silver for gold, 899.
 Success of co-operation in Gt. Britain, 894.
 Suez Canal, 381.
 Sundry civil bill, amended, 63.
 Superintendent Paine on bank currency,
 605.
 Supply of the precious metals, 280.
 Supreme Court of Indiana, 531.
 • of Kansas, 933.
 • of Michigan, 375.
 • of Minnesota, 926.
 • of Pennsylvania, 291.
 • of United States, 846.
 Surety for bank officials, 247.
 Suspension of silver coinage, 651, 901.
 Switzerland, progressive taxation in, 528.
 System for clearings, 909.

T.

Tax decision, 388.
 • on dealings in "futures," 625.
 • on National bank shares, 149.
 Taxation, 165.
 • in France, 489.
 • in Switzerland, 528.
 • of Boston city bonds, 862.
 • of Government bonds, 488.
 • of National banks, 443.
 • of personal property, 404, 681.
 Taxes of New York City, 147.
 Taylor, H. D'E., on bank audit, 915.
 Temple of trade, 677, 753.
 Ten million call of bonds, 545.
 Textile industries of Europe, 168.
 Title to bill, 933.
 The banks in 1861, 363.
 The building trades, 346.
 The Latin Union, 819.
 The new Treasurer, 944.
 The silver question in Congress, 412.

The Thery millions, 949.
 The work of Congress, 565.
 Threatened gold premium, 268.
 Three per cent. bonds, 890.
 Total coinage of the mints, 659.
 • cotton supply for Europe, 733.
 • of circulating money, 814.
 Trade depression commission, 734.
 • dollar, 592, 729.
 • redemption, 952.
 • effected by Inter-State commerce law, 944.
 • in Europe, 281.
 • indications, 738.
 • of Australasian colonies, 730.
 Trading in privileges, 770.
 Transfer of bank stock, 587.
 Transfers of money, 911.
 Transportation of freight, 326.
 Treasure-trove, 937.
 Treasury and other reports, 481.
 • Department under Mr. Manning, 641.
 • finances, 310.
 • situation, 81.
 • surplus, 144.
 Trust deposit, ownership of, 926.
 Trustees of Savings banks, 700.

U.

Uniform coinage with Great Britain, 588.
 United States Circuit Court, 443.
 • Circuit Court, Illinois, 613.
 • Circuit Court for Ohio, 617.
 • failures in, 576.
 • Postal Savings banks, 4.
 • Supreme Court, 695.
 • Treasurer's report, 518.

Use of gold in Great Britain, 486.
 • of the precious metals, 103.
 Usury, 838.

V.

Value of corn when distilled, 139.
 • of gold and silver in China, 410.
 • of our coins, 661.
 • of silver, 170.
 • of the rupee, 7.
 Vienna Bourse, 515.
 Virginia's burden of debt, 950.

W.

Wagering contract, 763.
 Wages in Germany, 49.
 • raised, 379.
 War claims, 468.
 Washington letter, 462, 540, 620.
 Western cattle dealers, 893.
 • land investments, 808.
 Weston, Geo. M., death of, 675, 693.
 What France paid to Germany, 853.
 Wheat and coffee speculation, 961.
 • crop for the year, 889.
 • exports of America, 348.
 • in India, 165, 253.
 • in the interior, 407.
 Wood, Wm. B., death of, 951.
 Woodward, William, on coinage and the mint, 436, 494.
 Woolen manufacturers of Philadelphia, 647.
 Work for the unemployed, 137.
 Workingmen in Great Britain, 895.
 World's gold and silver coinage, 369.

LIST OF CASES.

Bogue, Geo. M. *v.* Wm. F. Tucker, 923.
 Cleveland National Bank *v.* H. N. Whitbeck, Treasurer, 617.
 Cochran *v.* Atchison, 933.
 Consolidation National Bank *v.* Heermance Dickinson & Co., 128.
 Exchange National Bank, Norfolk, Va., *v.* Alex. Brown & Sons, 131.
 First National Bank of Toledo *v.* Treasurer, 53.
 Goetz *v.* the Bank of Kansas City, 695.
 Holmes *v.* Roe, 375.
 Lang *v.* Straus, 531.
 Lilley *v.* Rankin, 763.
 Mercantile National Bank *v.* the Mayor, 443.
 Mercantile National Bank *v.* Mayor, Aldermen and Commonalty of City of New York, 846.
 Michael Brennan *v.* Merchants & Manufacturers' National Bank, Detroit, 221.
 New England Mortgage Co. *v.* Vader, 371.
 Oxnard *v.* Varnum, 291.
 Prather *v.* Kean, 613.
 Steuben Co. Bank *v.* Alberger, 219.
 St. Louis & S. F. Ry. Co. *v.* Johnston, Receiver, 535.
 Third National Bank *v.* Stillwater Gas Co., 926.
 Viets *v.* Union National Bank, 132.
 Vaughn *v.* Beck, 610.

LEGAL MISCELLANY.

Decisions reported in the BANKER'S MAGAZINE, for the year ending June, 1887.

Acceptance of contribution, 378.	Negotiable instrument, 223, 378.
Assessment of National bank shares, 224.	Notice of protest, to indorser, 378.
Bank shares assessed, 224.	Savings bank, unauthorized investment of, 223.
Contribution accepted, 378.	Shares of National banks, assessment of, 224.
Effect of subscription, 378.	Taxation, 224.
Ignorance of law, 378.	Unauthorized investment by Savings bank, 223.
Indorser's notice of protest, 378.	
National bank shares assessed, 224.	

INQUIRIES OF CORRESPONDENTS.

Of which the Opinions are reported in the BANKER'S MAGAZINE AND STATISTICAL REGISTER, Volume XLI.

Banker's lien, 780.	"No protest" on face of draft, 857.
Certificate of deposit, 623.	Note for collection, 308.
Check payable to bearer, 778.	Notes lost, 63.
" payable to fictitious payee, 779.	Part payment of check, 228.
Checks, presentment of, 544.	Payment of returned check, 228.
Collection charges, 942.	Post dated check, 857.
Computation of interest in Wisconsin, 941.	Presentment of checks, 544.
Computation of time, 779.	Protest, 942.
Demand of payment by notary's clerk, 624.	Proxy to vote at bank elections, 465.
Detached coupons, 142.	Right of checkholder to demand certification, 778.
Dissolution of National bank, 703.	" of payee of check to sue bank, 305.
Duplicate checks, 143.	Responsibility of agent for collection, 465.
Expiration of National bank charter, 703.	Successive indorsements, 779.
Fraudulent alteration of checks, 140.	Surety for acceptor not entitled to protest, 308.
Indorsement of checks, 141, 543.	Taxation in California, 141.
Interest in Wisconsin, 941.	Transfer of shares in a National bank, 857, 942.
Interpretation of negotiable instrument, 384.	Undated acceptance, 464.
Lost notes, 63.	Wisconsin's method of computing interest, 941.
Marking dishonored checks, 464.	
National bank shares transferred, 942.	
Negotiable instrument, interpretation of, 384.	



THE
BANKER'S MAGAZINE
AND
Statistical Register.

VOLUME XLI.

JULY, 1886.

No. 1.

THE PUBLIC DEBT AND PENSIONS.

At the close of the Revolution the funded debt of the United States was found to be \$75,463,475, which was afterwards increased to \$86,427,120 in 1804, reduced to \$45,000,000 in 1812, before the second war with Great Britain, again increased, and after the close of the war in 1816 was found to amount to \$127,334,900, which was all paid off in 1835, and the Government remained free from a funded debt until after the end of the Mexican War, when, in 1852, it footed up \$78,797,816. In five years thereafter the principal of the debt was reduced over \$53,000,000, and in 1857 was about \$25,000,000. From the latter year up to 1861 the principal sum, through deficient revenues, was increased to \$72,187,154. This is the sum at which it stood when the War of the Rebellion began to roll up the Government obligations until, in 1865, the enormous sum of \$2,757,689,571 had accrued. Between the latter year and January 1, 1871, the sum was reduced \$425,621,778 to a total of \$2,332,067,793. During the last fifteen years the reduction amounted to \$987,291,589, leaving on the 1st of January, 1886, a debt of \$1,344,776,207. The reduction in the total debt has been over 42 per cent., and in annual interest the reduction has been nearly 60 per cent., the interest paid in 1871 being \$125,576,565, and for the fiscal year to June 30, 1885, \$51,386,256. The following shows the total debt, January 1, 1871, and at the beginning of each year since, and the amount paid upon the principal of the debt in each year to December 31, 1885:

<i>Year.</i>	<i>Reduction for Year.</i>	<i>Total Debt January 1.</i>
1871.....	\$88,229,382	.... \$2,332,067,793
1872.....	81,586,073	.... 2,243,838,411
1873.....	2,937,012	.... 2,162,252,338
1874.....	16,717,024	.... 2,159,315,326
1875.....	22,766,106	.... 2,142,598,302
1876.....	26,910,953	.... 2,119,832,195
1877.....	46,995,799	.... 2,002,921,241
1878.....	17,307,331	.... 2,045,955,442
1879.....	16,849,606	.... 2,028,648,111
1880.....	112,616,769	.... 2,011,798,504
1881.....	133,690,019	.... 1,899,181,736
1882.....	157,948,040	.... 1,765,491,717
1883.....	109,501,953	.... 1,607,543,676
1884.....	79,493,352	.... 1,498,041,723
1885.....	73,772,167	.... 1,418,548,371
1886.....	—	.... 1,344,776,204

The reduction of the debt for 15 years past has averaged \$65,-819,438, and should the same average rate of payment be continued, the total debt would be paid off in about twenty years.

The rapid reduction of the debt on the one hand, and the large amount of indebtedness which will not mature for a considerable period on the other, have led many to advocate a slower discharge of the public obligations. This, as we have contended from the beginning, would be a mistaken policy, because many events may arise to prevent the payment of it, even if the people thus desired. New wars, the inability of the people to pay taxes, unforeseen expenditures, are among the constantly happening events which would retard or wholly stop the present policy of debt-paying. Every reason, therefore, conspires to continue on our present course as long as possible.

The pension craze is a good illustration of the danger that is ever impending in this regard. There is the Mexican pension bill, estimated to involve an ultimate expenditure of about \$75,000,000, which has been passed by the House of Representatives, and is before the Senate. Senator Logan has introduced a bill, whose estimated expenditure would in the end cost the Government more than \$600,000,000. There is also the Cullom bill, the cost of which is set down at about \$50,000,000. And, in addition to all this, there is a proposition before the Senate to repeal the arrears limitation, which would increase pension expenses by the trifling sum of only \$222,368,000.

Doubtless, some or all of these bills will be passed. There is a disposition to check the tide, but evidently the promoters of these huge schemes know their power. Colonel Morrison has introduced a rule which provides that it shall be in order when a bill to increase pensions or to grant new pensions is under discussion to offer an amendment to the bill to provide by taxation for meeting the increase of expenditure to be incurred. If this rule had been adopted before the bill to increase widow's pensions was passed it would have been in order to add to the

bill a clause increasing taxation to an amount necessary to raise the \$5,000,000 for that expenditure, or it will be in order after this rule is approved by the House to amend the Arrears of Pensions Act by adding to it a proviso to raise by taxation the millions required to meet it. This is too wise a rule to be sanctioned by the House. These monstrous schemes are fraught with several great dangers besides numerous frauds in endeavoring to execute them, the two gravest of which are the cessation of debt-paying, and an increase of paper money. Those who most favor them do not propose increased taxation, but have clearly in mind the issue of more greenbacks if the Treasury be not sufficiently ample. The true policy unquestionably is to pay our debts and incur no others except such as justice and the public good require.

DEPOSITS OF SAVINGS WITH STATES AND CITIES.

The recent negotiation by the State of Ohio, of bonds on ten years, at 2.73 per cent. interest, affords just grounds to its citizens for feeling a pride in the perfect credit which it enjoys. It is said that no public security anywhere running that length of time has ever been put on this market, or on the European markets, on terms so favorable. The negotiation was not for a large amount—less than \$3,000,000—the debt of the State having now, by the operation of a scrupulously observed sinking fund, been mainly paid off.

The low rate at which this borrowing by Ohio has been effected makes a proper occasion for noting the fact that the credit of many of our States and municipalities is just as strong as that of the National Government, although not so wide, and for that and other reasons not capable of being used advantageously to so great an extent. But within the limit of the home demand for State and municipal securities, and within the limit of the number of investors who look solely to the safety of a loan, and substantially not at all to the extent of the market for it, such securities are as highly prized, and by some persons even more highly prized, than the bonds of the National Government, although the latter have the market of the whole money-lending world.

Men have a more realizing sense of the wealth which is within their sight in the cities and States within which they reside, than they have of the general wealth of the country, and it is more easy for them to understand the nature and extent of the possible dangers to continued good credit in the case of their own cities and States than in the case of the National Government, the operations of which are always so vast, and which is also exposed to the constant hazard of being involved in foreign wars.

Without further elaboration it may safely be affirmed, that the credit of many of our States and cities will inspire as complete a confidence in the minds of persons who wish a secure place of deposit for their savings as that of the United States. It is of no consequence or advantage to such depositors that the National credit is as good in London, Paris and Amsterdam as it is at home. That fact is of some importance to the holders of Government bonds, because it may happen that at the particular time when they may have occasion to sell them, the home money markets may be so pinched that access to foreign markets will be desirable. But what depositors of savings want, is not the power of selling the books or other evidences of their deposits, but the power of obtaining the return of them whenever their necessities require; and they will feel that that power exists and may be relied upon, if solvent and well-managed States and cities will assume the custody of their savings.

The project of United States Postal Savings Banks is now being agitated in Congress, as it has been, more or less, in some preceding Congresses. The pressure is now somewhat greater in favor of it than it has been heretofore, but Congressional legislation is always subject to delays of a very uncertain duration, and in this case the difficulties of coming to an agreement upon details must be admitted to be very considerable. And even after some measure of the kind is adopted by Congress, as it probably will be in the end, it may be expected to contain such restrictions as to the localities of depositories and in other particulars, that it will be useful to supplement a National system by the addition of State and city depositories.

It is admitted on all sides to be a grievous misfortune that while an immense majority of the various private depositories for savings in this country have been honestly and thriftily managed, the exceptions have been numerous enough to inspire a distrust which has discouraged the depositing of savings, and, in some degree, the habit of saving at all. What is needed is that degree of absolute confidence which can only be inspired by National, State and municipal credit. It is a further advantage of that species of credit, that it is not subject to be shaken by wild and unreasoning panics, and that it admits of giving to depositors a more unrestricted liberty of withdrawing their funds at pleasure and without notice than it has been found practicable for private Savings institutions to allow.

To States and cities themselves, and looking merely to their own interests, it is not doubtful that, so far as their situation compels them to incur or continue debts, they will pay less in the way of interest by receiving deposits of savings than by any other form of borrowing, if the sums to be borrowed are well within the limits of

the amounts of savings for which the owners are seeking a place of safe custody. In the case of the recent borrowing by Ohio, which was less than \$3,000,000, it is as certain as anything can be which has not been tested by actual trial, that an offer of the State to pay two per cent. per annum for savings to be returnable on demand, would have brought into its Treasury the whole sum. Upon any reasonable estimate of the incidental charges of such an operation, the total annual cost of such a method of borrowing would not have been so great as that of the method adopted, thriftily and fortunately as it was managed, and well satisfied with it as the people of Ohio are and ought to be. The reserve of cash, required to meet the calls of depositors in excess of new deposits, would be exceedingly small, as the power of the State credit to command instantly great sums, is itself a most reliable reserve.

If it was proposed that States and cities should receive deposits of savings, to be invested by official boards in loans and otherwise, it would be negatived at once by public opinion. But when they are actually borrowing, or extending prior borrowings, for their own use, and it is only a question of whom they shall borrow from, it will seem a little remarkable that they have never resorted to a class of lenders from whom they could have obtained money at a cheaper rate than from anybody else, and to whom so many obvious public considerations demanded that they should have first applied.

SILVER MONEY IN INDIA.

In 1878-9 the local India Government made a strong effort to induce the British Ministry to assent to a stoppage of the coinage of the rupee, until those already coined should be brought up to the old relation of exchange, ten for one, with the pound sterling. The British Ministry announced their definitive refusal to permit this to be done, in May, 1879, on the next day after Bismarck had suddenly announced that Germany would stop its sales of silver bullion. The British announcement was, of course, the consequence of the German announcement; but, furthermore, it is manifest enough—although it is not possible to pry into the secrets of diplomatic correspondence and verbal conferences—that the announcements were pre-arranged between the two Governments. Undoubtedly, the British Ministry privately notified Bismarck that unless he stopped selling silver bullion they would stop the rupee coinage, and he governed himself accordingly.

It is now evident that the India Government intends to renew its effort to obtain the assent of the British Home Government to a stoppage of the rupee coinage. In the regular annual finan-

cial statement of the India Government just published, it is affirmed that its losses in making payments in London, in consequence of its costing twelve rupees to purchase one pound sterling, amount to £4,837,000 [\$24,185,000], whereas, ten years ago, its losses, in consequence of the then rate of depreciation of the rupee relatively to the pound sterling, were only £2,332,000 [\$11,660,000]. The statement goes on to declare that all the difficulties of India from wars and famines can be somehow managed, but that the burden of its losses from the divergence in the exchange between the rupee and the pound is intolerable. The statement does not in terms propose any particular remedy, but it is treated in London, and no doubt correctly, as foreshadowing the settled purpose of the India Government to demand the stoppage of the coinage of the rupee. Whatever opinions may be held as to the disadvantages in other respects of such a step, there can be no question that it would perfectly remedy the divergence of the exchange between England and India. As the value of money depends, other things being equal, wholly upon the limitation of the supply of it, the governing power may give any value it pleases to any description of money. In this case of the rupees, the number of them might be so diminished that five of them would purchase a pound sterling. It is upon that principle that the Dutch regulate the value of the silver florins coined in the great dependency of Java. By limiting the number struck at the Java Mint, they keep it always equal to the gold florins in Holland.

It is a matter of a good deal of interest to this country whether the coinage of the rupee is stopped or not. On the one hand, its stoppage will reduce the value of the product of our silver mines, and on the other hand it will benefit our exporting interests, as it will take away that stimulus to the shipment of wheat and other India agricultural staples to Europe, which is derived from the present premium on gold when it is purchased with rupees. On balance it would seem that we must gain vastly more than we should lose by the closure of the India Mints to silver. But the policy of the British will be determined, not by the balance between our losses and gains, but by the balance between their own losses and gains.

In 1878-9 the London *Times* and *Economist* both stoutly opposed the closure of the India Mints. The latter seems inclined to do so still. In its issue of May 1 it ridicules the exaggerations of the India financial statement, and insists that India receives many compensations for the loss resulting from the situation of silver. Quoting the admission in the statement that the fall in silver enables the Indian exporter of wheat "to compete at great advantage with the agriculturists of those countries which have repudiated the use of silver," the *Economist* insists that "by thus stimu-

lating trade it has added to the resources of India and increased the tax-raising power of the Government." It admits that there is a degree of foundation for saying that the India consumers of merchandise received from gold standard countries must pay an enhanced rupee price, but it affirms that, as a matter of fact, the greater part of the loss arising from the divergence in the value of gold and silver falls on those who ship goods to India. It says:

The foreign manufacturer has not raised prices to anything like the full extent of the fall in the value of the metal in which he receives payment, because if he had done so he would have greatly narrowed the market for his goods.

The people of India, who have always used rupee money, and who know that in all transactions among themselves its value has in recent years rather advanced than declined, will naturally be slow to pay more rupees for English goods, on the ground that silver has fallen, which appears to them to be wholly untrue.

The fact that the shippers of British manufactures to India bear a considerable share of the loss resulting from the present condition of Indian exchanges, creates a strong interest in England in favor of some measure which will restore those exchanges to the old footing. If no other measure than a stoppage of the rupee coinage seems to be within reach, it is to be expected that this interest will demand the closing of the India Mints. The future will determine whether this interest will prove strong enough, added to the influence of Englishmen who hold rupee debts and receive rupee salaries, and who would therefore gain by raising the value of the rupee, to induce the British Ministry to assent to the stoppage of its coinage, which would certainly be a heavy blow at the exporting interests of India. The consequences, direct and indirect, of delivering such a blow, will at any rate be considerable, and may be exceedingly detrimental to Indian agricultural industries and to the profits of Indian railroads. The time is not auspicious for venturing upon experiments, which may result in widespread popular discontent in India, now that Russia is firmly planted in close proximity to Herat, and is always ready, as the English believe, to avail itself of the first good opportunity to substitute the rule of the Czar for that of the British Crown in that vast region.

It is, of course, absurd to say that India as a country can lose anything in discharging debts payable in England and in sterling money, from any change in the relation of value between the rupee and the pound. It is not in rupees but in gold sovereigns and Bank of England notes that such debts must be paid. They are not paid in silver, the flow of which is always from England to India, and never the other way, but in the proceeds of Indian staples sent to England and sold there. If the gold prices of those staples have fallen, India must discharge the same amount of

gold debt with a greater quantity of its staples. But if the rupee falls so that twenty rupees would be the equivalent of one pound, that does not increase the cost of paying sterling debts. There can be no loss in exchanging one money for another, because they are always exchangeable at their actual relative market value.

If, by limiting the coinage of the rupees, ten of them were finally made equal to a pound, the imaginary loss by exchange would seem to be escaped by the Indian Government, but the Indian tax-payer would gain nothing, inasmuch as it would then be as hard for him to pay ten rupees as it is now to pay twelve. But the Indian Government would gain a point politically, by really increasing taxes by raising the value of the rupee, without nominally increasing taxation at all. Such tactics are like those of the Roman Governor of Gaul in the reign of Augustus, who, being fearful that an increase of the monthly tribute might excite disaffection, resorted to the expedient of changing the calendar and dividing the year into fourteen months instead of twelve.

The peculiar condition of home politics in England, where no party holds any secure predominance, and where a change of Ministry is liable to occur any day, is not favorable to the probability of any decided step being soon taken in so momentous a matter as the currency of India.

FINANCIAL FACTS AND OPINIONS.

In 1830 the production of salt in this country was 4,500,000 bushels, and it was then sold at twenty-one cents per bushel. In 1880, under the stimulus of protective duties, the production had increased to 30,000,000 bushels, and the price had fallen to sixteen cents. During the past six years the increase of production and fall in price have progressed more rapidly than ever before. It must seem strange that such a time should have been selected to force us back into the old dependence upon foreign supplies for an indispensable necessary of life, by putting salt on the free list. To do that would be to remove the time-honored American policy of imposing the heaviest tariff taxation upon every necessary of life which it is reasonably possible to produce at home. It was upon that policy more than upon any other, that Gen. Jackson made his canvass for the Presidency in 1824, and was elected to it in 1828. His great mottoes were National independence and National safety, and he always insisted that both were imperilled if we did not produce at home everything essential to them, which was within the scope of our natural resources. At the head of those articles is salt.

We find in one of our exchanges an opportune reproduction of the following extract from a report made in 1841 to the National Convention for the Protection of American Industries :

"During the last war with Great Britain this article was sold in quantity in more than one of our States at *four dollars* per bushel, when, had there then existed in those States proper establishments for making it from sea water, it might have been supplied as low as thirty-five cents per bushel."

If the present duty on salt falls short of being a prohibitory rate, it should be raised to that point. Indeed, it would be better to prohibit its importation absolutely and in terms.

Foreign dry goods are in many cases being sold in this market, at auction and otherwise, at less than their actual cost abroad, the owners thus losing freight, commission and import duties. Numerous specific statements of this kind are made in the journals which are the organs of that line of trade. It is also not doubtful that New York city is being made the slaughter market of foreign manufactures of all kinds. In view of the depression of business here, it would be difficult to explain in any other way the fact that our gross imports have been so much greater during the past six months than they were during the corresponding months of last year, without causing a larger export of gold than has actually occurred. No matter what the custom house valuation of foreign merchandize may be, it is the net amount of money which it sells for, which, after deducting import duties, can be sent abroad in gold or by buying exchange. The only profit from this course of business seems to be enjoyed by the Treasury of the United States, into which tariff duties are flowing in a very ample volume. The foreigner has only the hard choice between sacrificing his property at home and sacrificing it abroad, and he is doubtless making what is for him the best choice. Such sales here by foreign consignors operate, of course, to still further depress prices in our markets of home made goods of the same description. And if in this market our own manufacturers find it so difficult to maintain a competition with the English, French and Germans, over whom they have here a large tariff advantage, the prospect is not an inviting one for competing with them upon equal terms in neutral markets.

The Augusta (Georgia) *Chronicle* said recently of the high rates which Southern Merchants and planters pay for advances, and which Southern borrowers on mortgages pay for loans, that "*the vitality of the South has been consumed in a mad attempt to pay interest.*" The interest paid by the merchants to the banks, stated by the *Chronicle* to average 12 per cent. per annum, may possibly come out of profits in a majority of cases, but the agriculture of the

South has never prospered and never will under the burden of the system of advances in the form of supplies furnished at prices which thinly mask a usury of more than twice 12 per cent. per annum. Some part of this usury is recouped by paying labor in supplies at the same exorbitantly enhanced prices, but this merely extends the area of the mischief by involving laborers as well as farmers.

A domestic sale of five million pounds of copper at 10 cents per pound was made a few weeks ago by the Calumet and Hecla Company. Copper has never before been sold so low in this country, although the same company is reported to have made within a year or two past some sales to exporters at $9\frac{3}{4}$ cents. The price here was not long ago 24 cents, from which it steadily dropped, until what was called a "*pool*" sale was made a year ago at $11\frac{1}{2}$ cents. The most prolific mine in this country at the present time is one in Montana. No one of our protective duties has been more violently attacked than that on copper. David A. Wells never seems to be able to say enough about the folly and criminality of not buying all the copper we needed from the Chilians. Now that protection has performed its work of developing our own unbounded copper resources, and to the extent of justifying the remark of the London *Economist*, that "*America has upset the copper market of the world,*" the *doctrinaires* must go back to their more ancient complaint, that we do not make ourselves dependent upon Turk's Island and Liverpool for the most indispensable necessity of life, instead of working our own salt mines.

A city contemporary (the *Times*) published recently a letter from Oregon, in which it was stated that the money brought into that State and invested in real estate by immigrants during the past year was probably \$10,000,000, and certainly not less than \$7-000,000. This method of acquiring capital is vastly more advantageous for Oregon than that of borrowing it on mortgages at high or even low rates of interest. As scarcely 5 per cent of the immigration into Oregon is from foreign countries, this movement of capital is only from one part of the country to another, and may be safely presumed to be for the general good, inasmuch as the returns from it in the new location will doubtless be greater than they were in the old ones. Furthermore, there are certain considerations in respect to the power of the nation in its external relations, which make it desirable that our foothold and front on the Pacific Ocean should be strengthened. It is not an agreeable spectacle to see England, France and other European Powers dividing up Asia among themselves, and at a rate which threatens the swallowing up of the whole of it at no distant day.

The call maturing on the first day of this month, which is also the first day of the new fiscal year, is for \$4,000,000 of bonds, which is, as near as may be, one-twelfth of the sinking fund for the year. It may be inferred that it is the plan of the Treasury to make a call for the same amount for each month of the year. If the total amount to be called during a given period can be foreseen, it is certainly desirable to diffuse it equally over the period. The disturbance of the money market will be thereby reduced to a minimum, and the holders of the bonds can know in advance when they will be called.

It seems to be settled by evidence of various kinds, and especially by what the present Administration has actually done during the fiscal year which has just closed, that it intends to pay on the public debt from year to year the amounts required by the sinking fund, and to adopt substantially the figures of the sinking fund account as it has been heretofore stated on the books of the Treasury. And as there is no present appearance of any intention to invest any part of the fund in purchases of the 4 and 4½ per cent. bonds, it may be expected that the fund will be applied exclusively to the payment of the 3 per cent. bonds. This will involve for the present a contraction of the National bank currency at the rate of about \$30,000,000 annually, which happens to be substantially the rate of the annual coinage of silver dollars.

Of course sinking fund payments are liable to be suspended altogether by an insufficiency of money in the Treasury to provide for them, and to also meet the appropriations voted by Congress. However clear the construction of the sinking fund law may be, that the customs revenue is specially set apart for the interest and sinking fund of the public debt, and that it is only the surplus of that revenue above those requirements which can be covered into the Treasury to meet other appropriations, it may be expected that the law in that respect will be overridden, as it has been heretofore, and that the sinking fund will not be taken care of, unless there is a surplus for that purpose after providing for all the appropriations which Congress may choose to make from time to time. It is not probable that for a year or two to come the sinking fund policy will be defeated by the lack of money, as the existing accumulation in the Treasury is large beyond any former precedent. But the customs' revenue cannot be permanently maintained at its present figure, unless our export trade can be in some way revived, while an enormous increase of expenditures is constantly threatened by numerous measures pending and receiving considerable support in Congress.

The Austrian Consul at Florence reports that the plaiting of straw employs 100,000 persons in Tuscany, chiefly women and

children, who are able to earn only from four to six cents per day, and that even the most skillful do not receive more than eighteen cents. These are hardly above Asiatic wages. The condition of the people in Italy seems to be harder than it is anywhere in Europe, in respect to meagreness of living and long hours of labor combined.

Sir Auckland Colvin, the financial member of the India Council, has recently expressed the opinion that England must become bi-metallic in order to rectify the exchanges between itself and India. In 1878 and 1879 the India Council urged upon the Home Government the different method of rectifying the exchanges, by so limiting the coinage of the rupee as to restore the old relation between the rupee and the pound. Whether Sir Auckland Colvin's views are those of the present India Council is not known. It may be that it adheres to the opinion of the Council of 1878-9, or that it now makes no recommendation. Since the Home Government, in May, 1879, announced its rejection of the scheme of stopping or limiting the coinage of the rupee, the reasons for rejecting it have become much stronger. To force up the value of the India currency to the point of making ten rupees equal to a pound, would involve a greater appreciation of the value of that coin than would have been required seven and eight years ago. Furthermore, an immense increase of the export trade of India has been stimulated within that time by the depreciation of the rupee relatively to gold. It seems incredible that British politicians will take the risks of the revulsion in the commerce, agriculture and industries of India which would result from such a violent change in the value of the rupees as would be caused by stopping their further coinage. But it also seems unlikely that British opinions can be so revolutionized within any near period, as to make it practicable to rectify the exchanges between India and England by the other method of reducing the value of gold by making Great Britain bi-metallic. The difficulties of moving in either direction are so great, that British statesmen will be most likely to let things drift for a good while yet. Their attention is pre-occupied with other great affairs, and especially with the Irish question.

The German law compelling the insurance of workpeople against sickness and accidental injuries was passed in July, and came into force in October, 1885. It has been ascertained by official inquiry that the number of persons within the provisions of the law is about four millions, in addition to which the local authorities have the power, and are exercising it, to compel additional classes to insure. Altogether, in Berlin alone the number compelled to insure is estimated at 240,000. Efforts are also being made to compel insurance against old age, as well as against sickness and accidents.



The cost of insurance in all these cases is required to be paid in part out of the wages of the laborers, and in part by a contribution from employers, and the general effect of such a policy is to insure to laborers at least a present subsistence and some protection against adverse contingencies in the future, provided always that they can obtain employment.

In a recent British official report upon the finances of Egypt, prepared by Mr. Vincent, it is stated that during the past seven years the Egyptian imports of gold and silver have been equal to \$86,748,000, and the exports to \$19,932,000, thus making a net import of \$66,816,000. Mr. Vincent says:

The tables in the earlier years do not distinguish gold from silver with great accuracy, but at least \$44,000,000 of the excess of imports over exports was gold.

He adds that the net import of silver has been largely disposed of by being sent into the Soudan, but he supposes that the net import of gold has been mainly absorbed by the hoardings of the native population, which is estimated at six millions.

The London *Economist* is incredulous about there having been gold hoardings among the natives to the extent stated by Mr. Vincent. It thinks there must have been large unrecorded exports of gold from Egypt, and that a good deal of the imported gold must be retained by the British occupying troops, who are paid in that metal. The expenses of the army of occupation have so far been mainly borne by the British Treasury.

While the *Economist* and Mr. Vincent disagree so much about the extent of the absorption of gold in Egypt, they disagree quite as much about the effect of such absorptions there and elsewhere. Mr. Vincent maintains that the resulting appreciation of that metal "lays an increasing burden on debtors of all classes who have obligations to fulfil in gold." To this the *Economist* replies:

Mr. Vincent speaks of a fall in price as the result of a change in the value of currency, whereas everyone knows that it is to a large extent the result of beneficial changes in trade. To speak of this general cheapening of products as a tremendous calamity is a little absurd.

The sales and purchases of French Rentes in the French Departments outside of Paris are made largely by Treasury agents, and they continue to show, as they have for a long time past, a steady and large absorption in the interior provinces of the French Government securities. During the first quarter of 1886, the purchases in the provinces amounted to \$19,000,175, while the sales were only \$9,297,510, and the excess of purchases over sales has been at about that average, or (say) \$40,000,000 per annum for some time. At the current market prices, the French rentes pay more than 4 per cent., and no income tax is imposed upon them, although the

Government is not restrained by any contract from imposing one. The annually accruing surplus in the French provinces is doubtless large enough to absorb rentes at the present rate for an indefinite period, if the disposition to absorb them continues. The stock managers of Paris may therefore keep the French debt afloat a good while yet, but the capacity to float the steady increase of it, however great, is not without a limit, and they are certain to blow the bubble to the point of explosion at last. "After us, the Deluge" is the motto of the gamblers of the French capital.

The *Denver Republican* of a month ago said that an "immense" amount of money would be expended in Colorado during this year in the actual development of mines and in the thorough exploration of ground supposed to contain gold and silver in paying quantities, and that "an unusual amount of Denver capital" is now being embarked in such enterprises. The existing depression in business and prices tends to stimulate the production of the money metals, the purchasing power of which increases *pari passu* with a fall in the market value of everything else. The mining business, in the form of creating companies and selling shares in the Eastern cities, may be less active than it was in flush times, but actual mining in the bowels of the earth is the only form of mining which adds anything to the world's stock of gold and silver, and it is much more likely to be well directed and to yield good results when it is under the management of the home capital of the mining States and territories. It is also a good indication as to the real value of the Western mining regions, that moneyed men on the spot are disposed to take hold of the work of developing them. Supplies, machinery and labor were never cheaper, and every year brings larger and larger portions of the mining country within the reach of railroads and of reduced rates of transportation, and nobody fears that either gold or silver will ever lack a good and quick market.

A city paper (*Times* of June 13) says of reciprocity with Canada :

On our side there has been little disposition shown to re-establish reciprocity, but it has been largely due to the well understood fact that such a policy was not in favor with Canada.

On the contrary, we suppose that no fact is better known than that the politicians who control Canada have desired nothing so heartily since 1850 as reciprocity with this country. They have reason to desire it; first, because Canada would profit enormously by it; and next, because they believe that reciprocity is the only means of preventing annexation to this country, which they dread because it would impair their personal importance. The fact has been exposed and officially admitted, that they spent a good deal

of secret service money in Washington in procuring the reciprocity treaty of 1854. During Gen. Grant's administration they succeeded in negotiating a renewal of that treaty with modifications, but whether with or without the aid of secret service money is not known. The Senate refused, however, even to consider the last-named treaty. Within the last year everybody knows that they have been moving openly to renew reciprocal dealings in the products of the fisheries.

On the 8th of June the directors of the Boston Merchants' Association passed resolutions in favor of "a well secured paper currency of the denomination of one and two dollars, either greenbacks, national bank notes or certificates based upon coin in the Treasury." They condemn the action of the Treasury Department in not re-issuing \$1 and \$2 greenbacks, which they say is reported to be based on its desire "to force physically into circulation the silver dollars now in the Treasury vaults." They conclude by denying that any object of that kind "can be a justification for compelling the public, whether they will or not, to use heavy coins when small bills are preferred."

As we have always supported the policy of letting the people have as many small bills as they chose to use, and have never been able to see any valid objection to it, we of course agree heartily to the ideas and suggestions of the Boston merchants.

The statute under which the Treasury destroys the greenbacks which come into it in such a ragged and worn condition as to be unfit for use, imposes the condition that it shall issue in their place other greenbacks of the same denominations. The present course of the Treasury in destroying the \$1 and \$2 greenbacks, and substituting only greenbacks of larger denominations, appears to be without legal authority, and it is certainly opposed to the public wishes and convenience.

In answer to the inquiry of a correspondent, we give the following figures of the amounts of the 4 and 4½ per cent. bonds, which were issued or negotiated before the passage of the silver dollar coinage law of Feb. 28, 1878.

Four's.....	\$74,900,000
Four and a Half's.....	199,900,000
	<hr/>
	\$274,800,000

In round numbers nine-tenths of the 4's and one-fifth of the 4½'s were issued after the date of the silver law.

In a debate in the Senate, June 10, on an appropriation for an artesian well experiment in the eastern parts of Washington territory, it was stated that the arid region west of the Rocky Moun-

tains contains 700,000,000 acres, of which not more than 30,000,000 acres can be irrigated by diverting water from streams or lakes. A Government expenditure of \$70,000 in attempts to obtain water by artesian wells in Colorado was without result, but it was stated by Senator Teller that subsequently, by mere accident, in other parts of Colorado, artesian water was found by parties engaged in sinking shafts for coal, and that now there are one hundred flowing artesian wells in that State. This experience shows that the fact that artesian water cannot be found everywhere, does not prove that it cannot be found in many places, and it may be that if the artesian borings made by the Government in Colorado had been pushed to greater depths, water would have been reached. If it is true, as Senator Morgan said it was, that a good deal of this vast arid area of 700,000,000 acres can be made by water as fertile as the Delta of the Nile, the attempt to reclaim it is worth a good many trials and a large outlay.

The London *Bullionist* of May 17 has taken a new departure, and complains bitterly that the British Cabinet do not proceed at once "to put themselves in communication with the European and American Governments," for the purpose of procuring "an international agreement for the unlimited coinage of both silver and gold on a given ratio." It even charges them with "an ignorance and imbecility that is a National disgrace," and roundly denounces their attempt to "shelter themselves under the plea that it will be necessary to await the report and hear what the Royal Commission on Trade has to say about the matter."

The *Bullionist* has not heretofore been in favor of the rehabilitation of silver. Its new departure may be evidence of a changed temper of the English in respect to silver, or it may be nothing more than party politics in the way of helping to push the Gladstone Ministry down hill. It is certain that England can have international bi-metallism whenever it chooses to say the word, as it has been the principal obstacle in the way ever since the idea of fixing a ratio between the metals by a concert of leading commercial nations has been proposed.

The annual meeting of the New York Cotton Exchange was held on the first day of last month. The transactions of the past year, in the actual sales of actual cotton, were reported at 488,977 bales, as compared with 533,663 bales during the previous year, and 422,116 bales during the year before that. The sales of "futures," which mean sales of options, to be settled by payments of differences, and not by deliveries of cotton, were 25,382,500 bales for the past year, 21,462,000 bales for the previous year, and 24,828,600 bales for the year before that. The report says:

We regret to state that the business of this Exchange has, like that of all similar organizations, felt the effect of the dullness that has prevailed in general trade and finance during the year.

If the business of the Cotton Exchange is to buy and sell cotton, it does show a falling off of about nine per cent. as compared with the previous year. But if its business is to speculate in cotton by trading in "futures" and options, it shows an increase of about nineteen per cent., as compared with the previous year. Taking the last three years, the speculative dealings seem to have been more than fifty times as great as the actual transactions in actual cotton.

A financial circular issued not long since by a well-known New York banking house, gives thirteen reasons, some of them excellent, and some of them contradictory of each other, for expecting higher values in the stock market. On one side we have the alleged probability of "our being able to send securities to Europe in place of specie," and on the other side we have the statements that money here is very easy and likely to continue so through the early summer months, that recent buyers here will not sell their stocks at small profits, and that the home market for stocks is a "broadening" one. As it is quite certain that stocks and securities, if they move at all from one market to another, always move to the market which is the highest, it would seem that the situation in this market, as described—and we think truly described—in the circular, is altogether unfavorable to the idea that Europeans can buy here at prices which will suit them. So long as money is phenomenally low in New York, and holders of stocks confident and hopeful, it is more probable that American securities will be sent here for sale than that foreign ownership will be increased. The rule is as inflexibly true that relative prices control the international movement of stocks and securities, as that they control the same movement of commodities and of gold and silver. As we believe that there are permanent causes in operation which will tend to make this the best market for all sound American stocks and securities, we can arrive at no other conclusion than that the constant tendency of such stocks and securities is to be purchased, rather than sold abroad. We rejoice at being able to think so, as this country has already been quite too long an exploiting ground for European capitalists. Foreign creditors are in every respect as injurious to us as absentee landlords are to Ireland.

The excess of revenue over expenditure during the eleven months ending May 31, being the first eleven months of the fiscal year just closed, was \$79,708,918, which a good deal more than supplies the requirement of the sinking fund. The customs revenue for the eleven months was \$174,813,699, or at the rate of \$190,705,853 for

the year. For the corresponding eleven months of the previous year the customs revenue was \$167,184,412. That this branch of the revenue should have been larger during the past year than during the previous year seems extraordinary. With diminishing prices of our exports, and a great reduction of their aggregate valuation, there has been an increase of imports, so that in recent months the balance of our foreign trade has become unfavorable. The only possible explanation is, that this country has been used as a slaughter market for foreign goods. The actually existing situation is an abnormal one, and cannot be permanent. With our export business depressed as it is now and is likely to continue for some considerable time, it is impossible that our import trade can be kept up at a rate which will yield a customs' revenue of \$190,000,000. A large falling off is impending. That it has been delayed is no proof that it will not come at last, and the sure effect of the delay will be to make it more serious when it does come. The stability of the internal revenue, if the internal taxes are not tampered with, may be relied upon, but all experience shows that the customs' revenue is an exceedingly fluctuating one.

INCREASED REQUIREMENT OF MONEY.

The effect of various features of modern banking, such as checks, clearing-houses, and credits payable on demand, and performing many of the offices of a circulating medium, to make money more efficient in use, so that a less quantity will perform the same work and maintain the same range of prices, is much insisted upon by many writers. Indeed, not a few of them hold that the more perfect working of these banking expedients where they have been already introduced, and their constant extension into new localities, which is undoubtedly in progress, may be relied upon as sufficient to offset any visible causes tending to reduce the volume of money below that proportion to population and exchanges which will preserve prices from any serious fall.

That the banking expedients referred to do have an effect in the direction of remedying, to some extent, a shrinkage of money, or the failure of its expansion in proportion to increasing demands for it, is undeniable. Whether bank credits, in connection with the negotiability of checks drawn upon them, and with the facilitation of clearing-houses, ought to be described as an addition to the quantity of money, or as improving its efficiency and thereby economizing its use, is a verbal dispute upon which it is not practically worth while to spend time. Whichever of the two modes of describing what happens may be the more scientifically accurate, it is not

doubtful that modern methods of banking, in the various degrees in which they have been developed in different countries, do tend, more or less, to prevent money from becoming inadequate in quantity. The exact power of this tendency it would be difficult if not impossible to measure. In the present paper it will not be attempted to measure it, but an effort will be made to show that it is less than the power operating in the contrary direction of making the quantity of money inadequate, of that tendency to a necessity for an increasing *per capita* amount of money to sustain the same range of prices, which is observed in the countries in which the banking system is established and progressively enlarged and perfected. It can easily be shown that the same advance in the methods and conditions of modern civilization which causes a continuous development of the banking system, tends also towards the requirement of larger *per capita* use of money. If it is also shown that in the countries in which banking methods have been made more and more efficient, a greater *per capita* use of money has, in fact, been contemporaneously required to maintain prices, it will seem to be proved that what is gained from banking expedients in the way of economizing the use of money, is more than offset by that increase in the *per capita* requirement of money, which arises from the same advance in civilization which causes the development of the banking system.

Albert Gallatin (*Considerations on Currency and Banking*, 1831) discussed the *per capita* amount of money then in use in various countries, in regard to which his information was as extensive and accurate as that of any man of his day. His results were that it was six dollars in this country and fourteen dollars in France and Great Britain. The increase in all these countries has been great during the past fifty-five years, but there is a marked difference in the proportional increase in the three countries, which is the highest in this country and lowest in Great Britain. The *per capita* amount of money in the United States is now \$24, which is four-fold what it was in 1831, while in Great Britain it is \$23.50, an increase of only 68 per cent. In France it is \$42.85, and has slightly more than trebled since 1831, if we assume that it has now \$1,385,000,000 of full-tender gold and silver money, although that is probably a considerable exaggeration. [*See Appendix.*] But even if we reduce the figure of the full-tender gold and silver in France to \$1,000,000,000, which was the commonly accepted estimate ten years ago, the *per capita* amount of money of all kinds in France would still be \$32.85, or an increase of 134 per cent. since 1831.

The general range of prices in the commercial world during the five years ending with 1849, is stated by all authorities to have been the lowest which had then been reached during this century. As it is also admitted on all sides that the present range of prices is at

least as low as it was in 1845-9, it must be lower in Great Britain, France, and the United States than it was in 1831, although the *per capita* amount of money in all of them is greater now than it was then.

But the special attention of the reader is now invited to the consideration of the causes, not of the fact that more money *per capita* is used than in 1831 in all these countries without raising their prices, but of the other fact that there has been such a marked difference in the proportions of the increase of the *per capita* amount of money in the three countries respectively, without disturbing the equilibrium of prices between them.

Mr. Gallatin describes the almost entire absence of money in Western Pennsylvania, where he resided when he commenced his career of public life. Of the condition of things in 1831 in the United States, as a whole, he says in his book :

Barter continues to be a principal mode of exchange in the country, at least in a great portion of the United States, where the planter and farmer obtain from time to time their supplies from the merchant, and pay him annually with their crop.*

During the past fifty-five years this country has passed from the condition of a comparatively new and poor country, mainly agricultural and pastoral in its pursuits, to that of a highly-developed and exceedingly wealthy country. The urban part of its population, reckoning as such that proportion of it living in cities and towns of 8,000 and upwards, is estimated to have grown from one-sixteenth to one-quarter between 1830 and 1880. The minute division and classification of industries and avocations in commercial and manufacturing communities are impracticable without the use of money, which is indispensable in the complex conditions of advanced civilization. All the circumstances in the progress of the country since 1831 have brought money more and more within the reach of the masses of the people, while they have more and more necessitated the use of it, and what is of considerable importance, have more and more extended the habit of using it.

Barter, in the strict sense, is the exchange of one commodity for another, as so many beads or so much rum, for so much ivory or so much palm oil, in the trade with barbarous tribes in Africa. The transactions between merchants on one side and planters and farmers on the other, which Gallatin characterizes as barter, are mere credits for store supplies at money prices, to be paid for at last by crops, also at money prices, except in the few cases in which it is agreed

* The New York Times, of August 19, 1883, prints a letter written in 1833 by an English schoolmaster who had located himself six miles from Cleveland (Ohio). After speaking generally of the "scarcity of money," the writer says :

"Frequently, men who are possessed of a good farm and considerable stock are weeks and months without a cent. They barter, or, as they call it, trade, for almost everything, and are so accustomed to it that they don't feel it."

that payment shall be made in crops at prices fixed at the time of the credits. But such transactions, although not strictly barter, have all the effect of barter in dispensing with the use of money.

The change since 1831 in the United States in the direction of a relative increase of commerce, manufactures, cities and towns, as compared with agriculture, has been much greater than in either France or in the United Kingdom of Great Britain and Ireland, and there is no other visible cause for the fact that the *per capita* use of money has been so much more expanded here than in those countries. But the proportion of the French and British populations engaged in commerce and manufactures has also increased very considerably since 1831, and in a degree which is sufficient to explain the actual enlargement of their *per capita* use of money.

The first blush impression would be that as the inventions and discoveries upon which the modern manufacturing system rests were first made in the United Kingdom, and as that system had received a great development there before France entered upon it at all, the expansion of the system and the resulting relative diminution of the agricultural population must have been less in the United Kingdom than in France since 1831. Looking to England alone, that would seem to be pretty clearly true, but the United Kingdom includes Ireland, an almost exclusively agricultural country, which contained half a century ago one-third, and now contains not quite one-seventh, of the total population of the Kingdom. Taking Ireland into the account, it may be probable that the proportion between the manufacturing, commercial and urban population on one side, and the rural population on the other, has changed as much since 1831 in the United Kingdom as in France. It is certain, at any rate, that there has been no such greater change in France in the proportions of the different classes of its population, as will of itself explain the present great excess of its *per capita* amount of money as compared with the United Kingdom, while the amount in the two countries was equal at the time when Gallatin wrote. No other explanation of that suggests itself, except the fact, which is well known, that while England resorted very early to the various banking expedients by which the use of money is economized, and has been zealously pushing them towards the point of perfection during the last half century, France has always been, and still is, exceedingly backward in that particular, and to this day makes comparatively little use of deposits in and checks on banks and of clearing-houses. In a paper of R. H. Inglis Palgrave, an English statistical authority, read before the American Bankers' Association in 1881, the statement was made that the deposits in British banks had increased from 105 millions sterling in 1840 to 540 millions in 1880. As late as the present time the practice of making deposits in banks is very little known in France outside of Paris, and even in that city it

it has not been adopted to anything like the extent which is common in England and the United States.

In this country, as a whole, the banking expedients referred to have been almost as much employed as in Great Britain, and to a vastly greater extent than in France. Notwithstanding this, our *per capita* use of money has been gaining very much more than in either of those countries during the past fifty-five years, and especially within the last twenty-five years. This proves how much more powerful the tendency to the requirement of a greater *per capita* amount of money arising from the greater development of commerce and manufactures than of agriculture, has been in this country than in England and France.

In 1861, at the end of which year we were forced by the Civil War to abandon coin payments and the coin standard, our monetary circulation had probably not reached a higher *per capita* amount than nine dollars, or possibly, if subsidiary coins are included, ten dollars.

In a paper printed in the November (1877) number of the *North American Review*, John S. Ropes, than whom nobody was more likely to correctly represent the opinions current in banking circles in Boston in respect to the amount of currency possible to be maintained with a return to the metallic standard, said :

Before specie payments were suspended (1861), the banks of this country, with a practically unlimited power of issue, were able to maintain barely \$200,000,000 of notes at par with gold, besides which there may possibly have circulated from \$50,000,000 to \$75,000,000 of gold and silver coin. . . . Since then our population has increased, at the utmost, by one-half, and we may therefore assume that from \$300,000,000 to \$400,000,000 of notes, or notes and coin, will circulate on a specie basis. All beyond this is mere supposition, without the shadow of a rational argument to support it.

A year before, as a witness before the United States Monetary Commission, Mr. Ropes had said, in respect to the possible volume of money after a resumption of coin payments :

Judging from previous statistics, I infer that, on the specie basis, 400 millions would amply suffice.

The population of this country in 1860 was, by the census, 31,443,321, and in 1877 Mr. Ropes estimated it at one-half more, or 47,163,981, so that, upon his ideas, which were based upon the actual experience of the period before the Civil War, the *per capita* amount of money in this country could not, with specie payments, be maintained at higher figure than a nine dollars.

In the same number of the *North American Review* there is a paper expressing substantially the same views from Hugh McCulloch, who said :

Before the late Civil War the largest amount of paper money in circulation was \$214,000,000. . . . None but men of a highly sanguine

temperament can expect that specie payments can be resumed and maintained with six hundred millions of paper money in circulation.

His conclusion, therefore, was that "the Resumption Act, without supporting legislation, was unwise," and in such legislation he included a law for the "absolute withdrawal" of the greenbacks, which he had previously, as Secretary of the Treasury, urged in vain upon Congress. In the actual situation, with the aggregate of the greenbacks and National bank notes only slightly reduced, he said of "the pledge of the Government" to resume January 1, 1879:

It is very certain, to say the least, that it was inconsiderately made.

These opinions of Ropes and McCulloch seem extraordinary, in the light of what we now know, that with a volume of paper money substantially as great as in 1877, and with a subsequent increase of \$600,000,000 of full-tender gold and silver coins, thus carrying up the *per capita* amount of money to twenty-four dollars, there is no excess of money in the United States. The course of our foreign trade does not show that it is beyond a proper proportion to the volume of currency in other commercial countries on the metallic standard, and that it is lamentably deficient here and in such countries generally, is conclusively proved by the extraordinary prostration of prices. But it is nevertheless true that these opinions of Ropes and McCulloch were correctly deduced from the prior experience of the *per capita* amount of money in this country. Nor were they by any means alone in overlooking the fact that the substitution of barter in the strict sense, and in the larger sense intended by Gallatin, for the use of money in many countries, and notably in this country, was all the while requiring more and more currency *per capita* to support the same range of prices. Changes of that kind, taking place not abruptly, but by gradations and insensibly, are ordinarily overlooked. They have not been noticed by the financial writers in this country, whose attention seems to have been exclusively directed to the effect of checks, clearing-houses and bank deposits and credits, to dispense more and more with the use of money, and to reduce the amount required to a minimum. These writers appear not to have perceived that very much more currency has been absorbed by the increased use of money in certain classes of exchanges, than has been dispensed with by resorting to banking expedients in other classes of exchanges. It is nevertheless a demonstrated fact of experience, that with these two forces operating against each other in fixing the quantity of money required, one in one direction, and the other in a contrary direction, the large increase during the past half century in the *per capita* amount of money in leading commercial countries, including our own, has been insufficient to sustain the old range of prices.

It may be the opinion of the reader that the tendency of prices to fall rather than to rise since 1831, in countries in which there

has subsequently occurred a large increase in the *per capita* amount of money, has not arisen solely from an increasing use of money in certain transactions, in certain localities, and among certain classes in those countries, but in part from other circumstances. The operation of money is exceedingly subtle, and is affected by an almost infinite variety of conditions. Differences of views in respect to it, to a greater or less extent, are likely always to be entertained. But however it may be explained, the fact remains undeniable that within fifty-five years the *per capita* amount of money has quadrupled in the United States, has increased by two-thirds in the United Kingdom, and has possibly trebled, and certainly more than doubled, in France, without saving prices from some degree of fall in all those countries; and that this has happened, notwithstanding that in the two first-named countries there has been the utmost possible resort to all the banking expedients as yet discovered which economize the use of money, and that even in France they have to some extent been availed of.

GEO. M. WESTON.

APPENDIX.

The estimates of the Mint Bureau fix the *per capita* circulation (including subsidiary money) of this country, Great Britain and France as follows:

	<i>Per capita.</i>
United States.....	\$28.09
Great Britain and Ireland.....	24.86
France	52.85

These figures are all exaggerations, but the grossest exaggeration is in the case of France.

The paper currency of the United States is fixed in these estimates at \$837,426,755, partly by the palpable error of including the gold and silver certificates without deducting the deposited metal upon which they are issued, and partly by overstating the net circulation of the greenbacks and National bank notes. If the proper allowance is made for the \$100,000,000 of gold locked up as a special fund for the redemption of the greenbacks, and for the \$70,000,000 of lawful money locked up in two funds for the redemption of bank notes, the actual addition made to the money of the country by those two kinds of paper does not exceed \$500,000,000, and the *per capita* amount of all forms of money is about \$24.00.

The paper money of Great Britain and Ireland is stated at \$197,818,139, which is the figure of the entire bank notes in circulation, but as all beyond \$150,000,000 are issued on gold deposited and held unused, there is an exaggeration of \$47,818,139 in the statement of the paper money. With that deduction the true *per capita* amount of British money is about \$23.50.

The estimate of the French currency is made up as follows :

Gold.....	\$848,000,000
Silver.....	537,000,000
Subsidiary silver.....	57,900,000
Bank of France notes.....	548,061,912

These figures make a total of \$1,990,961,912, and a *per capita* amount of \$52.85.

The condition of the Bank of France at a late date was as follows :

Gold and silver.....	\$479,701,424
Circulating notes.....	576,748,978
Government deposits.....	33,941,946
Private deposits.....	81,583,301

The old practice of the bank, except under the emergencies of wars, was to keep its notes within the limits of its metallic reserve, under which practice the notes added nothing to the volume of money, but were in the nature of coin certificates. Within half a dozen years this practice has been relaxed, and the excess of notes above the metallic reserve has sometimes gone as high as \$120,000,000. Even if the proper view may be that the metallic reserve is held as much with a view of providing for the payment of the deposits as of the notes, the reserve as respects the notes would be about 69 per cent., so that they would really add to the volume of money only 31 per cent. of their amount, or \$177,792,152, which is less by \$370,269,760 than the Mint Bureau estimate of the addition of bank notes to the French currency. This correction reduces the estimate of the French *per capita* of money to \$42.85.

When Cernuschi appeared before the United States Monetary Commission in 1877, he stated the French full-tender coin, in and out of the Bank, at \$1,000,000,000, and that was then the generally accepted estimate of French authorities. The figures of our Mint Bureau are based upon subsequent calculations made by M. Foville, which seem to be loose, shadowy and unreliable. If the true figure is that given by Cernuschi, the *per capita* amount of money in France is about thirty-three dollars.

THE RELATION BETWEEN BANKS AND THEIR DEPOSITORS.*

SPECIAL DEPOSITS.

Special deposits include money, securities and other valuables delivered to banks for safe keeping and future re-delivery. The power to receive them is incidental to the banking business, nor has any inhibition been put on the national banks to receive them. At one time the Court of Appeals of New York (*First National Bank v. Ocean National Bank*, 60 N. Y., 278) questioned the authority of the national banks to receive such deposits, and so have the Supreme Courts of Vermont and Maryland. "These decisions," says Judge Upson, of the Supreme Court of Ohio (*First National Bank of Mansfield v. Zent*, 39 Ohio, St. 105) "rest upon the assumption that the act under which National banks are organized expressly sets forth the powers conferred upon those Banks, and does not include among them power to receive special deposits, and that such power is not given them by the grant of all such incidental powers as shall be necessary to carry on the business of banking." The proper construction of the Banking Act, has been conclusively determined by the Supreme Court of the United States (*First Na-*

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tional Bank of Carlisle v. Graham, 100 U. S., 699), which has decided that if a bank be accustomed to receive deposits of bonds, and this is known and acquiesced in by the directors, it is liable to the same extent as if the deposit had been authorized by the terms of the charter; and also that the provisions of the law authorizing a bank after its failure "to deliver special deposits," clearly implies that it may as a part of its legitimate business receive special deposits. The same view was expressed by the New York Court of Appeals in *Patterson v. Syracuse National Bank* (80 N. Y.), in which case Judge Rapallo reviewed all the decisions bearing on the subject.

When such deposits are received gratuitously, without compensation, the bank is liable for their loss whenever occasioned by gross negligence. This has been defined, said Judge Allen (*First National Bank v. Ocean National Bank*, 60 N. Y., p. 295) "in various ways. . . . It is incapable of precise definition, and its application and use may lead, in some cases, to results unsatisfactory; but that comes as directly from the nature and extent of the duty in the particular case, as from the phrase by which a breach of duty is expressed. . . . What constitutes gross negligence—that is, such want of care as would charge a bailee for loss—must depend very much upon the circumstances to which the term is to be applied. It has been defined to be the want of that ordinary diligence and care which a usually prudent man takes of his own property of the like description. This definition is given by a reference to the degree of care, rather than the degree of negligence, which may be the easier and more intelligible mode of defining the extent of the obligation, and the measure of duty assumed. Ordinary care as well as gross negligence, the one being in contrast with the other, must be graded by the nature and value of the property and the risks to which it is exposed. A depositor of goods or securities for safe keeping with a gratuitous bailee, can only claim that diligence which a person of common sense, not a specialist or expert in a particular department, should exercise in such department."

In *Patterson v. Syracuse National Bank*, the institution had been accustomed to receive packages, supposed to contain securities, from various persons for safe keeping. Among the persons who left a package was the plaintiff. It contained bonds, and was delivered to the teller. The bank was managed by the cashier, the teller thus acting in the cashier's absence. The teller testified that he told the plaintiff when he made the deposit it would be at his own risk, but this the plaintiff denied. The teller also testified that the cashier sometimes told persons depositing packages that they would be at their own risk, but that on other occasions packages were received without such notice. The plaintiff's package remained at the bank for two years before it was lost, he taking it out occasionally to cut off the coupons. The Court submitted to

the jury the question whether the teller had been authorized to receive such deposits, whether he did so in his individual capacity, or in behalf of the bank, and whether he told the plaintiff that the package would be at his own risk, and whether the teller had been directed to discontinue receiving deposits of securities, and instructed the jury that if the deposit was with the teller as an individual, the plaintiff could not recover. "We think," said the Court, "the evidence was sufficient to justify the submission to the jury of the questions of the authority of the teller, and whether the deposit was with the bank, in this manner, and that their verdict establishes such authority, and that the deposit was with the bank, and not with the teller in his individual capacity. The entire management and control of the affairs of the bank having been left with the cashier, his acts and the authority conferred by him upon the teller, must be deemed binding on the corporation."

"The verdict," continued the Court, "thus establishing that the plaintiff's securities were received on deposit by the bank, it was bound either to return them or show some sufficient ground for not doing so. It claims that they were stolen from the safe by some person other than the employees of the bank, and the remaining question in the case is whether the theft was suffered through the gross negligence of the bank in the care of the bonds. This question was submitted to the jury, and we think the evidence was sufficient to authorize such submission. There was no burglary, and no direct explanation of the circumstances of the loss of the bonds, but there is evidence in the case tending to show that, if stolen, the theft was committed in the day time while the bank was open. That the bonds were in a safe so situated as to be accessible to a person entering from the street; that the persons in the bank were so placed that at times the safe was not in their view, and that sometimes the door of the safe was left open. The jury could from the evidence have found that the theft was committed by some person entering from the street and finding the safe open, who abstracted the plaintiff's package without being observed by any one in the room, and that leaving the property thus exposed was gross negligence."

The fact that property of the bank was stolen at the same time from the same place was regarded conclusive evidence that it was free from gross negligence. Several cases were cited by the Court of gratuitous bailments in which the question of gross negligence was left to the jury, notwithstanding that the bailee took the same care of the property as he did of his own, which was stolen at the same time.

In the case of the *First National Bank v. Ocean National Bank* (60 N. Y., 278), which was brought to recover the value of some bonds lost, as was alleged, through the negligence of the latter,

Judge Allen, in giving the opinion of the Court, said that "the bank, as a depository, taking no pay and taking no risks, was not bound to resort to any special or extraordinary measures to protect the property of the depositor, and the negligence for which it could be charged, or which was the proper subject of evidence upon the trial, was only that which was connected with and directly contributed to the loss. Independent acts of negligence, disconnected with the loss, were not properly admissible in evidence. The defendant was not chargeable with negligence or want of care for not acting upon facts or circumstances not coming to the knowledge of its directors or officers. Facts not brought home to them, tending to show that the property was exposed to loss from some unusual cause, to some peril growing out of peculiar circumstances, were not admissible in evidence against the defendant. The bailee was only called upon to take such care as became necessary to protect it against risks known to it, or of which it had notice. There was great latitude in the evidence on the part of the plaintiffs, . . . the purpose and end was to show that the place of deposit was peculiarly and extraordinarily exposed to perils from robbers at that time, calling for more than the usual caution from the bailee. This was competent, so far as facts and circumstances proved to exist were communicated to the officers of the bank, but no further."*

In an Ohio case (*Bank v. Zent*, 39 Ohio, St. 105) Judge Upson, we think, stated the law in a very sensible manner. "The degree of care required of the bank depends upon the nature of the bailment. * * It is usually stated that a bailee who is to receive no reward is liable only for gross negligence, and some of the cases hold that such a bailee is responsible only for the want of that care which is taken by the most inattentive. But that rule cannot be applied to all cases of bailment without reward, for when securities are deposited with persons accustomed to receive such deposits, they are liable for any loss occurring through the want of that care which good business men would exercise in regard to property of such value. This was the degree of care required of the bank in this case. Were the bonds lost for the want of such care? They were demanded . . . and the only excuse given for not delivering them, as stated in the answer [of the bank], was that 'the said bank not

* In *Tompkins v. Saltmarsh* (14 S. and R. 275), Duncan, J., in delivering the opinion of the Court, said: "Where one undertakes to perform a gratuitous act, from which he is to receive no benefit, and the benefit is to accrue solely to the bailor, the bailee is liable only for gross negligence, *dolo proximus*, a practice equal to a fraud. It is that omission of care which even the most inattentive and thoughtless men take of their own concerns. There is this marked difference in cases where ordinary diligence is required, and where a party is accountable only for gross neglect. Ordinary neglect is the want of that diligence which the generality of mankind use in their own concerns, and that diligence is necessarily required where the contract is reciprocally beneficial. The bailee without reward is not bound to ordinary diligence, is not responsible for that care which every attentive and diligent person takes of his own goods, but only for that care which the most inattentive take."

having any such bonds in its possession, did not deliver any to the plaintiffs. No explanation was offered and no reason given for the bonds not being in the possession of the bank. We hold that under these circumstances the proof of demand, and the refusal to deliver, was sufficient evidence that the bonds had been lost by the gross negligence of the bank."

Even bank directors may become liable to depositors for grossly neglecting to protect the deposits. "Ordinarily the character of the directory for integrity and business capacity measures the degree of confidence reposed in the corporation by the public. Were depositors, when entrusting to a bank their entire fortune, to be informed that the directors, upon whose honor and careful watchfulness they were relying, owed them no duty, were under no obligations to take at least reasonable precautions to guard their money from the itching fingers of dishonorable officials, they would certainly hesitate long before surrendering it upon such terms. There are many risks and uncertainties against which a prudent business man never expects the directors or managers of banks to insure him. He knows that for the usual hazards of business he must look to the bank alone, that for the ordinary negligence of directors, they are responsible alone to their principal; but for such gross negligence or incompetency as shows a reckless disregard of their duty to care for and protect the funds committed to their charge, we think they are directly responsible to the depositor." In *Delano v. Case* (Appellate Court, Ill., *Banker's Mag.*, March, 1885, p. 690), from which we have been quoting, the "directors were notified ten months before the failure, by the president, of his suspicions that Compton was stealing from the bank, when the slightest examination would have exposed the true state of affairs and protected subsequent depositors. No examination whatever was made. Under such circumstances there was clearly another duty which the directors owed to the community. If they knew that the bank was insolvent, or if their suspicions were aroused, and they recklessly closed their eyes and made no effort to discover the truth, it was their duty not to receive the money of depositors ignorant of the true state of affairs. To do so when they had but a suspicion of the danger would be a great wrong, and if with full knowledge, would now be a felony. If we are correct in these views, it follows that appellants owed a duty to appellee which they have not performed, in consequence of which he has been injured, and for which he ought to have a remedy; for it is a maxim of the common law that a man specially injured by the breach of duty in another should have his remedy by action."

In *Foster v. Essex Bank* (17 Mass, 479), which is the leading case on this subject, the court, in considering the nature and legal qualities of the contract under which special deposits are kept,

said: "It will not be disputed that if it amounts only to a naked bailment, without reward and without any special undertaking, . . . the bailee will be answerable only for gross negligence, which is considered equivalent to a breach of faith; as every one, who receives the goods of another in deposit, impliedly stipulates that he will take some degree of care of it. The degree of care, which is necessary to avoid the imputation of bad faith, is measured by the carefulness which the depository uses towards his own property of a similar kind. For although that may be so slight as to amount even to carelessness in another, yet the depositor has no reason to expect a change of character in favor of his particular interest; and it is his own folly to trust one who is not able or willing to superintend with diligence his own concerns." In this case the special deposit was a cask containing gold coin which was fraudulently taken by the cashier and clerk of the bank. The bank was declared not liable, because the theft was a private act. "If the cashier had any official duty to perform relating to the subject," said the Court, "it was merely to close the doors of the vault when banking hours were over, that this, together with other property there, should be secure from theft. He cannot, therefore, be considered in any view as acting within the scope of his employment when he committed the villainy; and the bank is no more answerable for this act of his than they would be if he had stolen the pocket-book of any person who might have laid it upon the desk while he was transacting some business at the bank."

A case nearly similar has been decided in England. A depositor left a box of securities with a bank, which were kept in a strong-room made for that purpose with other securities and specie belonging to the bank. Access to this room was only obtained by passing through another where the cashier sat in the daytime and a messenger slept at night. The strong-room had two doors, opened with separate keys, both of which were kept by the cashier in the daytime, and one of them by him at night. The owner of the box had free access to the room where his box was deposited during banking-hours in the presence of one of the bank clerks, when he had occasion to take out coupons for collection. While the box was in the custody of the cashier he abstracted the debentures therefrom; nevertheless the bank was not liable for the loss. "It is clear," said the Court, "that the bank in this case were not bound to more than ordinary care of the deposit intrusted to them, and that the negligence for which alone they could be made liable would have been the want of that ordinary diligence which men of common prudence generally exercise about their own affairs. Moreover, there was an entire failure of evidence of the want of that ordinary care which the bank was bound to bestow on the plaintiff's deposit. * * The defendant's

evidence added to the plaintiff's case the important fact that in the strong room in which the plaintiff's debentures were kept, there were, beside the boxes of other customers, bills, securities and specie, the property of the bank, to a very considerable amount. It may be admitted not to be sufficient to exempt a gratuitous bailee from liability that he keeps goods deposited with him in the same manner as he keeps his own, though this degree of care will ordinarily repel the presumption of gross negligence. But there is no case which puts the duty of a bailee of this kind higher than this, that he is bound to take the same care of the property intrusted to him as a reasonably prudent and careful man may fairly be expected to take of his own property of the like description. This was in effect the question left to the jury in *Dorman v. Jenkins* (2 Adolp. and Ellis, 258), where Lord Denman told them that 'it did not follow from the defendant having lost his own money at the same time as the plaintiff's that he had taken such care of the plaintiff's money as a reasonable man would ordinarily take of his own, and he added that the fact relied upon was no answer to the action, if they believed that the loss occurred from gross negligence.' (*Giblen v. McMullen*, 2 L&W Rep. P. C., 317.)

Scott v. National Bank (72 Pa. St. 471) was another case of a loss of bonds by the theft of the teller. "The taking of the bonds," said the Court, "was not an act pertaining to his business as either clerk or teller. The bonds were left at the risk of the plaintiff, and never entered into the business of the bank. Being a bailment merely for safe-keeping for the benefit of the bailor, and without compensation, it is evident the dishonest act of the teller was in no way connected with his employment. Under these circumstances, the only ground of liability must arise in a knowledge of the bank that the teller was an unfit person to be appointed or to be retained in its employment. So long as the bank was ignorant of the dishonesty of the teller, and trusted him with its own funds, confiding in his character for integrity, it would be a harsh rule that would hold it liable for an act not in the course of business of the bank, or of the employment of the officer. There was no undertaking to the bailor that the officers should not steal. Of course there was a confidence that they would not, but not a promise that they should not. . . . Nothing short of a knowledge of the true character of the teller, or of reasonable grounds to suspect his integrity, followed by a neglect to remove him, can be said to be gross negligence, without raising a contract for care higher than a gratuitous bailment can create."

These cases in which the loss occurred through the wrongful conduct of bank officials wholly outside their official capacity must be distinguished from the cases in which the loss occurred through the negligent conduct of bank officials within their official sphere.

The following case illustrates the distinction. A stranger, Smith, left bonds with the cashier of a bank for gratuitous safe-keeping, retaining a minute list of them. The bonds were enclosed in an envelope endorsed with the depositor's name and residence, and put into a vault where were other valuable securities. Some time afterward a person representing himself as Smith demanded the bonds, describing them and giving the name and address accurately, but furnishing no other proof of his identity. The teller delivered the bonds to him, but not long after the true owner appeared. The Court held that the jury were justified in deciding that the teller had not taken the pains which the law required to identify the depositor, and consequently that the bank was liable for the amount. (*Lancaster County National Bank v. Smith*, 62 Pa. St. 47.) But if a person withdraw from a bank a special deposit by authority of the depositor, the bank is discharged, though the authority be unknown at the time to the officers of the bank. A written authority, however, signed by the depositor on the certificate of deposit in these words: "Will pay above dividends or coupons (naming a particular person) for my account," will not justify a bank in parting with the bonds and the certificates of stock described in the certificate of deposit. (*Chattahoochee National Bank v. Schley*, 48 Ga., 369.)

What constitutes such negligence as to render a bank liable for loss of a special deposit is a question of fact to be ascertained in each case. In *Smith v. First National Bank* (99 Mass., 605), which was an action to recover for the loss of bonds, the Court said that the evidence furnished no proof of negligence except that which resulted by inference from the fact of loss. But theft by either of the several persons who had access to the vault and to the packages was equally open to inference from the same facts. For a loss in that mode, it is settled that the bank would not be responsible. "The evidence went far to show that the bank did use due care in all its arrangements for the safety of the securities deposited. They were kept in the same vault and safe with the securities of the bank, and the same persons had access to both. There was no evidence of negligence in the selection of cashier or his clerks, or in permitting them to be retained after notice of unfitness. On the other hand, the plaintiff's evidence entirely failed to exclude the possibility of loss by other means than negligence of the defendants. It left the case, therefore, to be decided by mere inference, without any facts to determine which of several inferences was correct. The presumption of innocence would be sufficient to protect the cashier and his clerks from the charge of theft; but that presumption will not avail to sustain the burden of proof in an action against the bank for negligence."

When the cashier or other officials of a bank receive deposits

voluntarily, the depository is not responsible for this loss unless the directors know that they have been received. If they do know, the depository is responsible, whether it is specially authorized to receive them or not. And the usage in receiving them is regarded as known by the directors. (*National Bank v. Graham*, 100 U. S., 699, and cases there cited; *First National Bank of Carlisle v. Graham*, 79 Pa. St. 106; *Lloyd v. West Branch Bank*, 3 Harris (Pa.), 172.)

A deposit is not special unless made so by the depositor, or made in a particular capacity. (*Brahm v. Adkins*, 77 Ill., 263.) And a special deposit may be changed into a general one by agreement. (*Howard v. Roebens*, 33 Col., 399; *Chiles v. Garrison*, 32 Mo., 475.) Neither is a public deposit special which is blended with the general funds and entered like other deposits on the different books of the depository. (*Otis v. Gross*, 96 Ill., 612.) Under the National banking law the phrase "special deposits" embraces the public securities of the Government. (*National Bank v. Graham*, 100 U. S., 699.) When "money, not in a sealed packet or closed box, bag or chest, is deposited with a bank or banking corporation, the law presumes it to be a general deposit, until the contrary appears; because such deposit is esteemed the most advantageous to the depository, and most consistent with the general objects, usages, and course of business of such companies or corporations. But if the deposit be made of anything sealed or locked up, or otherwise covered or secured in a package, cask, box, bag or chest, or anything of the like kind of or belonging to the depositor, the law regards it as a pure or special deposit, and the depository as having the custody thereof only for safe keeping and the accommodation of the depositor." (*Dawson v. Real Estate Bank*, 5 Ark., p. 297.) If before the maturity of paper held by a bank against a depositor an arrangement is made by which it agrees to hold the deposit for a specific purpose, the bank may be regarded as a trustee and the deposit special. In such a case, free from fraud or collusion, an indorser on such paper has no right to require the application of the deposit toward the payment of the paper when it matures. Where the money on deposit is furnished by the indorser to be used for a specific purpose, and this is done, his direction will be deemed an assent to this use of it. (*National Bank v. Speight*, 47 N. Y., 668.) The addition of the word "clerk" to the name of the depositor does not make the deposit special, nor change the liability of the bank. (*McLain v. Wallace*, 103 Ind.)

When a special deposit is not returned, for which the depository is liable, the depositor may bring an action to recover the thing itself, or the value of it. If the depository has made a profit from the deposit, that also may be recovered. (Story on Bailments,

§§ 122, 123, 269; see *Green v. Sizer*, 40 Miss., 530.) If gold coins are specially deposited and not returned when demanded, the depository must pay their value at the time of converting them to its own use. (*Bank v. Burton*, 27 Ind., 426; see *Chesapeake Bank v. Swain*, 29 Md., 483, concerning the depositor's right to recover.) It has been often held, said the Court in an Indiana case, that where the amount of a debt has been ascertained, in view of the National legal tender act, no difference will be recognized between the gold dollar and the legal tender note of the denomination of one dollar as a means of tender or payment. But it did not follow that when the bailee of specific gold coins which were to be re-delivered in specie, sold the coins for a premium and failed to re-deliver them on demand, he should not answer in damages to the amount which he had realized by the conversion. "That he should have the right to make a profit for himself by his own wrongful act is a proposition having no foundation in justice, and not sanctioned by any principle of law." Notwithstanding the evident soundness of the reasoning in this case, the Supreme Court of Wisconsin has decided the same question the other way. (*Warner v. Sauk County Bank*, 20 Wis., 492.) Several cases were cited to sustain the position of the Wisconsin court, but all related to the legality of paying general deposits, notes and other obligations; not one of them touched the question of liability for a special deposit. Nor did the United States Supreme Court in *Thompson v. Riggs* (5 Wall, 663) establish a different rule from the Indiana court, for though the deposit was partly in coin and partly in notes and checks, the evidence clearly showed that the deposit was general and not special, and this view was unequivocally maintained by the court.

An interesting case pertaining to a special gold deposit was tried in Maryland in 1864. Abell deposited with the Chesapeake Bank \$3,000 in gold coin, which was entered on Abell's bank-book "1861, Dec. 30th, cash (coin) \$3,000." The banks of the state had then suspended specie payments, and gold was at a small premium. Abell drew two checks on the bank for the amount—one dated the 27th May, 1864, for \$3,000 "in gold coin," and the other, the next day, for the same amount "in coin." When presented for payment the bank refused to pay in gold in both cases, but offered to pay in notes, which were declined. Abell's bank-book was balanced at different times between the date of the deposit and the time of making the checks in question, and the balance in his favor was never below \$3,000. In a suit brought to recover the gold, Abell sought to prove that the deposit was special, first, by an express agreement with the bank, and secondly, that the entry above mentioned explained in the light of the usage then existing among the banks in Baltimore, that deposits in gold coin should be regarded special, imported an agreement to return

the specific deposit. The Supreme Court—after remarking on the testimony of a witness of the plaintiff, that it seemed it was not designed that the gold should be placed in the defendant's bank as an ordinary deposit, and that the design was to make some special arrangement in regard to it of which the defendant's officers were made aware, and acceded thereto, and hence the designation of the deposit as coin in the plaintiff's bank-book—held that evidence might be introduced to prove the usage then existing concerning the significance of such entries. "If," said the Court, "there be a general and well established usage or custom upon the subject prevailing with the banks of the city of Baltimore, it may be presumed that the parties acted in reference to such usage, and that terms and conditions not contained in the written entry, and which were not by express words agreed upon at the time, were, nevertheless, in the minds of the parties, and formed part of the contract." For, quoting approvingly the opinion of Baron Parke in an English case (*Hutton v. Warren*, 1 M. & W. 475) "it has long been settled that, in commercial transactions, extensive evidence of custom and usage is inadmissible to annex incidents to written contracts in matters with respect to which they are silent. The same rule has also been applied to contracts in other transactions of life, in which known usages have been established and prevailed, and this has been done upon the principle of presumption that, in such transactions, the parties did not mean to express in writing the whole of the contract by which they intended to be bound, but a contract with reference to those usages. "But," added the Court in the case under consideration, "such usages, to be admissible, must be shown to be well established, uniform, general and notorious; for it is from those attributes of the particular usage that the presumption arises that the contract was made with reference to it." Such a usage, however, was not proved in this case, nor was the question whether a special agreement had been made or not determined. (*Chesapeake Bank v. Swain and Abell*, 29 Md., 483.)

When bonds and other property are left with a bank as a pledge for securing a loan or in part performance of some other agreement in which the bank is interested, a greater degree of diligence is required in keeping them than in the case of deposits, for keeping which no compensation is received. Ordinary care at least must be exercised in keeping such collateral securities. How long this continues after the loan or other agreement for which they are pledged has been discharged is an unsettled question. (*Third National Bank v. Boyd*, 44 Md., 47; *Second National Bank v. Ocean National Bank*, 11 Blatch, 362; *Jenkins v. National Village Bank*, 58 Me., 275; *Dearborn v. Union National Bank*, 58 Me., 273.)

ALBERT S. BOLLES.

[TO BE CONTINUED.]

COMMERCIAL EXCHANGES *

CHAPTER V.

ON ORGANIZATION.

The Gradual Development of Commercial Associations—Peculiar Provinces of Foreign Institutions—Indiscriminate Use of Titles and Terms—Differences in Organization Under the same Title—Similarity of Organization under Different Titles—The Distinguishing Features—A Classification—How Commercial Bodies Differ from other Private Corporations—What are Exchanges?—Source of Authority—General Law on Charters of New York—Certificate of Incorporation—Criticism on the General Act—Compared with Special Legislation for Exchanges—Steps for Organization of an Exchange or Board of Trade—Preliminary Organization—Permanent Organization—The By-laws and Charter, and what they should Comprehend.

The commercial exchanges of to-day are the outgrowth of a gradual development. It was not in the foresight of man to have conceived from the little gatherings of merchants about the markets and in the coffee-houses of the colonial period the wonderful changes wrought by time in these business institutions. No imaginings of the most speculative mind could have pictured this almost marvelous development.

And it has not required the two and a half centuries since the first real life of commercial growth in America for these grand organizations to come into existence and reach their high state of maturity in which we see them to-day. Although we trace their origin back to the seventeenth century, yet it was not until about the beginning of the nineteenth that we find any organized action among the merchants of this country worthy to be called even the nucleus of a modern exchange. There were organized bodies of merchants which met together and transacted business during the latter part of the eighteenth century; the New York Stock Exchange traces its inception back to 1792, but it cannot be shown that there existed anything much resembling a modern exchange until within the past fifty or seventy-five years.

In a number of the older cities there were, during the eighteenth century, organized bodies known as Boards of Trade or Chambers of Commerce, which took an especial interest in the commerce and trade of their respective localities. But the associations held only annual, semi-annual or quarterly meetings for the transaction of routine business. Some had monthly meetings, but it was expected, as a rule, that the members would be called together by the pre-

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siding officer in case an action of the association to aid or influence any important and pending maritime or commercial affair was deemed advisable. They were advisory rather than speculative bodies. It was not the purpose of these associations to afford facilities for their members to prosecute individual enterprises. Their organization was one for protecting the interests of merchants, tradesmen, shipowners and others engaged in shipping and mercantile pursuits, irrespective of personal gain to their members.

As has been shown in a preceding chapter, these Chambers of Commerce and Boards of Trade had long existed in various parts of Europe. The institution known as the Chamber of Commerce in France forms a branch of political government similar to our State Department of Agriculture of our general Government. In England there is a branch of the Government denominated Board of Trade, and it is the special province of that department to keep thoroughly advised upon matters affecting the trade and commerce of the nation, and to examine into all affairs connected with the customs and excise of the United Kingdom that it may be able to furnish, whenever desired, information upon these important features of the Government's prosperity. This branch or department of service is under the supervision of a commissioner, and reports to either the Colonial Secretary or the Treasury Department. As another function, "It has to communicate with the Foreign Secretary on commercial treaties; to superintend the statistics of trade, navigation and railways, and to attend to the department of science and art, and the registration of designs." In Levi's History of British Commerce we are told that some of the best reforms in the commercial affairs of Great Britain are due principally, if not wholly, to the work performed by the Chambers of Commerce, "which," says the author, "are ever ready to expose the evils and inconveniences under which trade may be laboring in England and other countries."

An indiscriminate use of the terms "Board of Trade," "Chamber of Commerce" and "Exchange," such as "Produce Exchange," "Cotton Exchange," or "Merchants Exchange," as has been the case in the United States, has rendered an explanation and description of their organization and purposes an embarrassing effort. To illustrate: The Chamber of Commerce in New York is as dissimilar to the Mercantile Exchange or Produce Exchange of that city as a railroad corporation is unlike a telegraph company. There is a similarity in organization, but a decided contrast in purpose and method. Then there is the Chamber of Commerce of Milwaukee, Wis., which is radically unlike the Chamber of Commerce of New York in its designs and methods, but almost a veritable copy of the New York Produce Exchange.

The distinguishing feature in these organizations, and the one by

which they must be classified, is the prime purpose of organization. There are notably three classes of these institutions. The *first* class, we will say, embraces those associations organized for the purpose of furthering the individual interests of their members by providing a place and necessary arrangements for them to meet together where they buy and sell, barter, trade or exchange products, stocks or property, according to the special branch of business in which they are engaged. The *second* class comprises those institutions where the members assemble for the purpose of obtaining information concerning maritime affairs. These are the maritime associations known in different cities under different names; in New York and Philadelphia, the Maritime Exchange; in Boston, the Chamber of Commerce; in Baltimore and San Francisco, the Merchants Exchange. The *third* class embraces the societies referred to as advisory bodies upon commercial interests. They are commonly designated Boards of Trade, and in some instances Chambers of Commerce, but differ from the first class by acting only as a body for promoting the general commercial interests of the city in which they are located respectively, and for the merchants and tradespeople of that city. These organizations have no "call boards," and make no provision for their members to meet for the purpose of barter and exchange, and therefore require none of the complicated machinery, such as the clearing house for stocks and bonds or certificates representing products, made use of in the speculative class of institutions. They seldom have authority to own real estate, and aim only to levy such assessments upon their members as will meet current expenses. They accumulate no capital, and in some respects much resemble eleemosynary or benevolent corporations. But like the other two kinds, they come under the general head of private, civil and non-speculative corporations.

Commercial associations differ materially from that large class of private corporations organized for the purpose of acquiring a revenue from the use of a contributed capital, so as to declare dividends among the shareholders. In corporations for revenue, the capital is divided into shares, and one shareholder may have a large proportionate share, while another shareholder has a small proportionate share in the enterprise. The owners of a majority of the stock may hold absolute control over all the property of the corporation, direct its affairs and elect its directors and managers. The commercial boards and bodies—exchanges, chambers of commerce, etc.—are widely different in their organization. There is no specified capital. Every member has all the rights and powers of another member. None have more than one vote at any election. There is no division of profits, as no profits are expected; and the charters permit of no profits being made or divided. All members are assessed equally, and it is expected that all will enjoy the

same rights and privileges. The following is a clear and concise legal description of these institutions:

"By their charters, exchanges are usually prohibited from transacting any business except as is strictly necessary to the management of their peculiar affairs. Dividends on the earnings, or accumulations of money or property, are not authorized to be declared among the members, as shareholders; and this is so, however much money or property may be accumulated by the institution. Its real and personal property is usually vested in a board of managers in trust for the corporation at large. . . . By the rules and regulations of the exchange it is usually provided that membership certificates are transferrable only by approval of the board of directors, after due notice. The Produce Exchange may yet be more clearly distinguished from corporations instituted for the earning of dividends by their capital stock. In the ordinary joint-stock companies above enumerated (banking, insurance, manufacturing, bridge, canal, and railroad companies) the subscribed capital is divided into equal shares, either by original subscription or by subsequent purchase of the same; and, further with the right to suspend, expel, discipline, and reinstate members, as is instanced by the constitution of the Produce Exchange and Board of Trade, is not applicable to those corporations originated for monetary gain from the capital stock. In the latter bodies, ownership of shares constitutes the sole and regulative tenure of membership, and so long as individuals continue to own shares of stock they are secure in all their rights and privileges. Members cease to be such only upon the transfer of their stock. In the ordinary corporation, also, the character or conduct of a stockholder cannot be made the subject of inquiry by the corporation; neither could it be a ground of removal, as a general rule, nor could the company without his consent divest the corporator of his interest. Not so with the Produce Exchange, as it exists in the United States, for by charter it is permitted to make the reputation and deportment of its members a matter of supervision, and is empowered to act accordingly. It may either suspend a member for an indefinite period, or absolutely eject him from the association. And this broad power of disfranchisement and amputation would seem essential to the very nature of an organization, having among its objects the promulgation and enforcement of honorable business principles among its members, together with a high standard of commercial honor and commercial credit in the community at large." *

Until 1877, commercial exchanges obtained their authority of or-

* Law of the Produce Exchange, with references to Dow on Partnership, Smith's Mercantile Law, Field on Corporations, Kent's Commentaries, Green's Brice's Ultra Vires, Angel and Ames on Corporations; *Barklay vs. Smith*, 106 Ill., 33; *Schaefer vs. Missouri Ins. Co.*, 46 Mo., 48.

ganization through charters specially granted by the State Legislatures. This procedure is still followed in nearly all the States of the Union. In the year mentioned the Legislature of the State of New York passed a general law,* entitled "An Act to provide for the Incorporation of Exchanges or Boards of Trade," under which such associations might organize, thus avoiding the delay and expense requisite in obtaining special legislation. This act passed and became a law May 3, 1877. It embodies nearly all the principal features of the charters specially granted before its enactment and associations of this character organized in the State since it became a law have become incorporated under its provisions.

In section 1 of the act named, among the purposes of the organization are the words "to settle differences between its members." There is no further reference to this clause anywhere in the act. The trustees, it is provided, "shall have power (1) to sue and be sued," &c., (2) "to make and use a common seal," &c., (3) "to appoint such subordinate officers," &c., and (4) "to make by-laws," &c. The question may arise if the by-laws made by the trustees shall be sufficient to determine what is meant in the act by the words "to settle differences between its members." Does it mean that the "settlement" shall be a systematic course of arbitration, or something else? This question is one that may yet arise, and be found difficult for the courts to determine.

In this general act, passed by the Legislature of the State of New York, another omission of power is observed which commercial exchanges have in some instances made a part of their organization, and one which has grown to large and important proportions. Reference is made to the gratuity fund or system of mutual life insurance among the members of these business institutions. Experience has shown that the gratuity fund is one of the strongest chords which unite the members, and holds them together in fraternal harmony and union of purpose. In organizing under this general act no power is secured for embodying the gratuity fund branch as a part of the general purposes of the association. To avail of such a department, the organization must invoke special legislation, or take advantage of some other general act for the incorporation of benevolent institutions.

Now we come to a consideration of the steps to be taken in organizing a commercial exchange or board of trade. There is a period in the history of every city when its business interests will not warrant the merchants in supporting a commercial association. But whenever it arrives to the state of a commercial center, wears the dress of an incorporated borough, and boasts five thousand to ten thousand population, it is time that the tradespeople were taking measures to further their interests by association for a common pur-

* Chapter 228, Laws of 1877.

pose. In a city of this size there are sure to arise grave questions of policy which needs be discussed by those most interested in the prosperity of the place. The common council will consider and satisfactorily deal with many such questions, but many others will not come within the limit of their jurisdiction—upon which they will have no authority to act.

An organization composed of the principal merchants and property owners, whose line of action and subjects of discussion are not mapped out or circumscribed by a political city charter, will be able often to endorse an enterprise, or give public expression in opposition to a scheme, and thus arouse the people to united effort, which it would not be in the province of a city council to consider. In this way a commercial association may supplement an assembly of councillors, and thus render efficient aid in shaping the public policy of a municipal corporation.

We will presume the existence of a city of the kind described where there are a number of merchants desirous of forming a commercial association. The business of the city will not warrant the establishment of an exchange, but a society which will foster and encourage its growth and prosperity is desirable. The first step is a preliminary meeting. It is best to call this by the use of a short circular addressed to such only as it is desired should aid in taking the initiatory in the undertaking. A call published in the papers would not serve the purpose so well, as it might bring together contending elements, and would be more likely to end in a strife for supremacy. And further, it might bring into the meeting persons who the majority would prefer not to have as members of the corporate body. A few are often preferable to many in the beginning of an organization. A small number are more apt to work harmoniously and accomplish the service of organizing in less time than a large body.

When the meeting is called, and the object of the call has been stated, the next movement is to form a preliminary organization. There will be expenses to meet and provide for. The preliminary organization will be necessary while the subject is under discussion, and it may require several meetings before a permanent basis can be decided upon. It may be thought best not to form the permanent society until a charter has been obtained. This course, however, is not essential; the association can be permanently formed first and the charter obtained afterwards. Such has been the plan followed in nearly all instances, and except those institutions organized under a general act. But let the preliminary organization remain until a set of by-laws have been framed satisfactory to all who are to become members. When this has been done, a simple preamble preceding the by-laws is all that will be necessary until the charter has been secured. The by-laws will serve for the permanent organization to work under, pending the delay in securing a charter.

In framing the by-laws and the charter care should be taken to see that they are sufficiently comprehensive. Take a good look into the future and study the demands that may possibly come within the province of the organization. At present the demand is only for an advisory board—a body of merchants who will volunteer their services for the welfare of the city's commercial interests. But within a decade there may be room here for an exchange with a daily call board. Then provide for the establishment of a call board at such time in the future as a majority of the members may determine. It is none too soon to create a board of arbitrators for the settlement of controversies between members of the association, and also by consent between such members and their customers and patrons. It may not be expedient at this early date to establish a gratuity fund or life insurance branch, but it may properly be provided for should it be deemed an advisable adjunct in the future. The charter may be so drawn as to grant the power, and yet its acceptance by the association be optional. These are the prominent considerations to be looked after in the work of organization; the minor ones will suggest themselves in the discussion of those specially referred to. It is important to have a substantial foundation—one on which the organization can rest with perfect security, and in which the members will feel a personal pride in fulfilling its thorough and exhaustive requirements.

S. R. HOPKINS.

[TO BE CONTINUED.]

CORRESPONDENCE.

To the Editor of the BANKER'S MAGAZINE:

In your answer to correspondent, "A Bank's Right of Set-off," You say "we do not, however, perceive that he would derive, &c." The first position you hold, that he would have a technical right to demand the check or payment, is an absolute right.

A check is not a transfer of the funds, and is not such until it is paid in money. The holder of the check has no rights against bank except to demand payment, and the bank must pay in money and nothing else. Instead of paying in money they have offered something else; they have not complied with the implied contract with their depositor to pay his checks in money, and until A agrees to such a payment as the bank wishes to make, there has been no payment of the check. In other words, the bank refuses payment, and has obtained the check by fraudulent means, and can not profit by their own fraud. A can call for a duplicate check, have it protested, and sue drawer. If A should bring an action against bank for money, then would he admit the check had been paid, which, as a matter of course, would end the matter.

G. W. VOIERS.

ECONOMY IN THE USE OF GOLD IN SCOTLAND.

[CONTINUED FROM THE JUNE NUMBER.]

But while the argument appears to assume graver importance as it is more closely examined, I desire to recognise the fact that we, as bankers, have nothing to do with influencing prices upwards or downwards. What we are interested in, and are in some measure peculiarly called upon to watch, is the stability of value of the standard metal, in so far as that may be attainable; and, in the event of the natural variations in value being aggravated by artificial means, or by waste or extravagance in its use, to call public attention to the fact. It is within this range that I would confine our discussion, and I, therefore, exclude altogether from the scope of my address the opinion of those who would abandon gold and substitute for it a combination of gold and silver. What we have to do with is gold, and the question I ask you to consider is whether or not we are getting from it its highest capacity of usefulness. Whether, on the one hand, it is used with a due regard to economy, and whether on the other, we are careful to prevent the natural variations in its value from being made greater by artificial causes.

It is in the consideration of these questions, then, that I think our system of banking in Scotland may be found to yield some useful suggestions, the fruit of well-tryed experience. You are aware that we have been accorded by law a greater freedom than is permitted to the banks in England. Certain ancient rights, withheld from the English banks, have been continued to us, and while this fact has sometimes been complained of as forming a grievance to the English banks to be compensated by disabilities now to be imposed upon us, it is in no such spirit I would discuss the subject. The Scottish banks will certainly contend for their existing rights, but they desire, and have always desired, to see them extended so as to include all the banks of the United Kingdom. Monopoly is no necessary or original part of the Scottish system, although it was imposed on the banks, as regards note circulation, by the Act of 1844. Moreover, it is not the interests of the banks or their shareholders that is the primary question. The interests of the public form the paramount consideration, and it is, we believe, because the public in Scotland know that they can be better served under our freer and more economical system that we have been able to defend our position against repeated attacks. The important place assigned at the present time to the question of gold, seems to create a new opportunity for discussing this subject, and when Mr. Göschen tells you that the country is so "thoroughly well banked" that no relief from our gold scarcity can be got by "counter-economies," I think it is desirable, before accepting the implied compliment, to make inquiry into how far this is the fact. I do not for a moment doubt, on the contrary, I affirm, that the business of banking is conducted in England with an ability and success inferior to that of no country in the world, having regard to the legislative conditions under which it is carried on. But these conditions appear to be in some respects inconvenient and even mischievous, as compared with the corresponding conditions affecting the banks in Scotland, and render it difficult to afford in England the same extensive facilities which the public in Scotland expect and enjoy.

The particular provisions that distinguish the Scottish from the English Bank Act which I wish to bring under your notice, are these :

1. The Scottish banks have had continued to them their full rights of issue as they existed prior to the passing of the Act, including the right to issue £1 notes.
2. This, however, is qualified by the stipulation that in the event of the notes in circulation, ascertained in the manner provided in the Act, exceeding the monthly average of notes that were in circulation during the year preceding 1st May, 1845, such excess is to be represented by gold and silver coin maintained at the principal place of issue.
3. The term "Notes in circulation" is held to mean the amount in circulation at the close of business on each recurring Saturday, and this ascertained on the average of four weeks beginning at 1st May, 1845, and so on, every four weeks continuously. The gold and silver coin held at the principal place of issue is ascertained in the same manner. Silver coin may not exceed one-fourth part of the gold.
4. The Commissioners of the Stamps and Taxes, with the consent of H. M. Treasury, have the right to inspect the books and coin.

Now let us consider, in the first place, this principle of *average* extending over four weeks, which is introduced into the Scottish Act but withheld from the English Act, for it is very important, and, indeed, it is the want of a condition such as this which has rendered the English Act unworkable in times of panic. The principle in no way relaxes the obligation to maintain the absolute convertibility, on demand, of the note. That continues in full force, but yet when, from any cause, a sudden demand for notes or gold arises, there is a flexibility in the Scottish Act which allows the banks the *time*, when necessary, to increase their store of gold. In this way the conditions of the Act can be satisfied, even in times when credit is most disturbed.

In England it is different. The country banks of issue there are strictly limited to their authorized amounts of notes. Any increase beyond this, therefore must be by means of notes procured from the Bank of England, and these again, must be represented by coin in the issue department, corresponding *day by day* with the notes. There is here no elasticity adapted to the case of a suddenly increased demand; and yet, in times of uneasiness an increased demand for bank notes has always arisen, and is almost certain always to arise. There is no assignable limit to it. except the limit of the aggregate liabilities of the banks, and in such times the banks prudently make preparations to meet possible demands by increasing their reserves of notes. In this way the Bank of England's reserves are apt to be drawn upon at the most inconvenient moment. It was thus that, in the panic week of May, 1866, the note circulation of the Bank of England was suddenly increased by £3,800,000, and the Bank Act was consequently suspended. Had the gold in the issue department been regulated by the *average* of notes in circulation over four weeks, or other sufficient period, the bank would have had time to replenish its stores, and no aggravation of the panic would have taken place. That the Act requires an amendment to meet the case of a sudden depletion of the reserves, has been generally recognised, but the recommendations have usually been in the direction of granting the Government of the day authority to suspend the Act on certain conditions, or of providing some other arbitrary, and therefore, clumsy expedient to deal with the circumstances when they arise. This

appears to be an unscientific way of providing for circumstances which may at any time occur. All that is really required by the bank is *time*, during which it may replenish its reserves of coin by raising the rate of discount, or by using such other means as may be considered suitable to the particular circumstances. The rigid system has broken down in the past, and must again do so when suddenly and severely tried, while the elastic system of *average* works easily and safely, and without surrendering any existing security for the convertibility of the bank note.

Another practical difference between the two Acts, leading to an important disadvantage to the English system, is that the term "Notes in circulation" has a different signification in the one country from what it has in the other. In Scotland, the "Notes in circulation" means the bank notes in the pockets and tills of the people. In England it includes, besides, the note reserves of the non-issuing banks. In Scotland it would be considered nothing less than absurd to count the note reserves of the bank as a portion of the notes in circulation, for as the banks all issue their own notes, these are merely printed paper as long as they are in the bank's own possession. But if this be so, how can it be said in England any more than in Scotland, except in a purely artificial and unreal sense, that the note reserves of bankers form part of the note circulation of the country.

There is a double disadvantage in thus reckoning the bankers' note reserves into the active circulation. First, it imposes a loss of interest on the bankers in respect of the notes, and so hampers them in the extension of branches, whereby the public are less effectively served; and, secondly, seeing that in times of distrust the bankers cannot foretell the extent of the demand for notes that may arise, a large and instantaneous demand is likely to be made by them at such times on the central bank of issue, for notes to strengthen their reserves. These notes may never pass into active circulation, but, nevertheless, they tell in the issue department precisely as if they did, and thus a purely artificial influence may cause grave inconvenience.

In Scotland the circulation of notes of £5 and upwards has for some years average £1,900,000. In England the circulation averages £28,000,000. On the basis of population, which in England is six times greater than in Scotland, we might, from the Scottish experience, have looked for a circulation of £11,400,000. On the basis of wealth, as shown by the income tax returns to be nine times greater, we might have looked for £17,100,000. There is thus a discrepancy of at least £11,000,000. Of this a portion, no doubt, is truly in circulation, because the branch system being less completely developed in England, the public have not the same facilities as in Scotland for lodging in bank the surplus cash of the day; but, making every allowance for this, it may be fairly and moderately estimated that the reserve notes of bankers amount to not less than five millions of pounds, by which sum, therefore, the apparent circulation may be supposed to exceed the true circulation. Besides which, it is this artificial element in the returns which in times of distrust, as already explained, is most apt to be greatly and suddenly increased.

If the principle of the Scottish Act were made applicable to the facts and circumstances of the English system, it would be necessary to ascertain by returns from the banks, the accuracy of which could be tested by inspection, the actual amount of notes from time to time held in reserve by the banks. These would at the central bank of issue, be distinguished from the notes in active circulation, and would there be represented not by gold, but securities. In this way the inconvenience arising from this cause might be removed, and by making to the banks

a suitable allowance out of the net profit on such notes, an inducement would be held out for the wider diffusion of branch banks, whereby the public interests, in town and country, would be better served, and the circulation of notes and coin greatly economised.

I now come to the question, How far is it practicable, within the limits of sound economical principle, to exercise greater economy in the use of gold? It is generally accepted that, at the present time, we have £120,000,000 of gold coin and bullion within the United Kingdom. Do we get the greatest possible amount of benefit from this treasure? It is an essential part of the machinery of our commerce—is it made in the highest degree effective? I now assume that the increase or diminution of the effective gold supply exercises an important influence on prices. I assume that, under our present arrangements, if the wealth and population of the country increase, the effective gold supply continuing unchanged, prices will tend downwards. If, on the other hand, new modes of economy are introduced, and gold as a medium of exchange is made in a higher degree effective, the tendency to lower prices, in so far as it proceeds from deficient gold supplies, may be arrested.

Of the £120,000,000 of gold in the country, about one-fourth part, speaking roundly, is held by the Bank of England, and by certain country banks of issue, for what I may call National or imperial purposes. It forms the foundation of our financial system, and is available to all and sundry who can possess themselves of bank notes. The remaining three-fourths, or ninety millions, form the pocket and till money of the people and the banks. The first question, then, practically is, can we with propriety, make a transfer of gold from the second category to the first? Or, is the need for ninety millions of pocket and till money so urgent that it must be complied with? From the point of view of a Scottish banker, it is difficult to understand that the answer can remain in doubt. We, in Scotland, manage our affairs with about one million of gold as till money for the banks, over and above three and a-half millions provided for "Imperial" purposes against the note circulation, besides which there may be another million of sovereigns circulating in the country. There are thus two millions of pocket and till money to contrast with the ninety millions in England. Nor can it be alleged that the banks in Scotland stint the people in regard to gold, for they receive from the public more gold than they pay out, and the excess of receipts over payments has, on the average of the last 15 years, enabled the banks, after providing £778,000 as additional cover for the increase in the note circulation, to send to England, on a balance of exports and imports, an aggregate sum of £1,966,000, or an average of £131,000 per annum during the 15 years. This fact is explained, no doubt, by the gold brought into Scotland by tourists, traders, cattle-dealers, and others, creating a redundancy in the gold in circulation, which is therefore paid into the banks, and by them is remitted to the Bank of England.

Now, I do not intend to occupy your time in arguing over again the minor objections to an issue of £1 notes, founded on risk of forgery, danger of a run for gold in times of panic, and the like. These were discussed here three years ago, on the reading of Mr. Fowler's paper, and I do not know that there is anything more need be said upon the subject. They are questions of experience, and in Scotland we have proved that, with reasonable care, the danger from forgery is all but nominal, while in times of panic it is found that notes of £1, like those of higher denominations, even without being invested with the privilege of legal tender, are not only not sent in for payment, but are required by the public in larger quantities.

There were, however, two criticisms directed against Mr. Fowler's arguments, of which I should like to take notice. First, it was stated that the Scotch note circulation was, "in fact, based upon the gold circulation of England, and without that it would not be half so secure as it is"; and again, "when an accumulation of troubles and dangers comes upon a nation, a reserve scattered throughout the country is a very good thing. If, by the first of these observations, it is intended that the people in Scotland are under some obligation to their adjoining neighbors for using sovereigns instead of £1 notes in their home circulation, I must protest strenuously against the suggestion. Our interests are all in the opposite direction. The urgent need of the time is that gold shall, as far as possible, be reserved for National purposes, and the main object of my address is to justify that proposition. If, on the other hand, it is meant that the banks in Scotland rely, in case of need, on London for their supplies of gold, I accept the criticism, and have to add that as long as London continues to be the gold mart of the kingdom it is likely to be the most convenient center of our financial system, where the reserves of bankers, whether English or Scottish, will chiefly be maintained, and that for the express purpose of preserving a control over the National reserves, an arrangement which I do not doubt London finds to be highly profitable and advantageous. As to the reserve scattered throughout the country being a good thing, that, I presume, means that it may serve as an ultimate line of defence in case of disaster, but, of course, it presupposes that the first line of defence has been made adequate for its purpose. Yet, how stand the facts? Under the Act of 1844 the effective reserve is represented by the notes in the banking department in the Bank of England. This, in 1845, amounted, on average, to £8,500,000, and in 1885, after 40 years of unparalleled prosperity and increase of trade, to £14,000,000, an increase of £5,500,000. Can this be regarded, under such circumstances, as an adequate addition to our National reserves? I respectfully submit that it is altogether inadequate, and the neglect to strengthen our effective reserve appears all the more remarkable when we find that during the same period the gold for internal circulation has been increased, rather in the interests of luxury than necessity, from 30 or 40 millions, at which it was estimated by Sir Robert Peel, in 1844, to 90 millions, at which it is estimated now.

The proposition, then, to which I solicit your favorable consideration, is the substitution of £1 notes for a large portion of the gold coin now in the pockets and tills of the people and the banks, and that for the purpose of, first, greatly strengthening the central reserve of gold at the Bank of England, and, secondly, of setting free such portion as may be deemed proper for the general purposes of commerce. Mr. Fowler assumed that 30 millions of gold might be liberated, five millions of which he proposed to add to the reserve coin of the issue department, and 25 millions to be invested in securities. I venture to think that at least 50 millions of gold would readily be set free, and that, of that sum, one-half should be retained in the issue department, while 25 millions might be invested in securities, and so contribute a substantial addition to the effective gold currency of the world. What then, would practically result from such a proceeding? As regards the reserves of bankers, they would rest on a broader basis through the central store of gold being more than doubled. As regards general trade, I apprehend an influence would be set in motion not unlike that which would attend the appearance in our markets of one hundred new capitalists, each possessed of £250,000. The gold would not remain idle; prices of commodities and of real property would be steadied, and might be expected

to recover, in part, at least, the fall they have sustained; the fall in wages now impending would be averted, and confidence in the future of prices would take the place of the prevailing apprehension.

If other gold-using countries were induced to follow our example, the effect on the trade of the world by the steadiness given to prices, and the extended basis on which international finances would then rest, would be beneficial in the highest degree. The report of the Director of the Mint of the United States, published last year, enables us to form some idea of the magnitude of the potential influence now lying all but dormant in the pockets and tills of the people.

The report presents, among other interesting matter, an estimate of the gold coinage of the world, and of the manner in which it is bestowed. The total gold coinage is given at £657,000,000, of which the portion held by the four chief gold-currency countries is £474,000,000, disposed of as follows:

<i>Gold coinage.</i>	<i>Whereof in Treasury and National banks.</i>		<i>Balance in circulation.</i>
United States.... £122,000,000	..	£68,000,000	.. £54,000,000
France..... 169,000,000	..	41,000,000	.. 128,000,000
Germany..... 69,000,000	..	31,000,000	.. 38,000,000
Great Britain... 116,000,000	..	30,000,000	.. 86,000,000
£474,000,000	..	£170,000,000	.. £304,000,000

It would thus appear that the four greatest commercial countries hold 72 per cent. of the whole gold coinage in the world, and of this there is, on an average, 64 per cent. used for the comparatively petty purposes of internal exchange, while only 36 per cent. is used for the purposes of national reserves. Here is opened up a field for the operations of those who regard deficient gold supplies as forming an important factor in the depression of prices. Let the bi-metallists, with their keen sense of the mischief now being wrought through the scarcity of gold, turn their attention and their energy in this direction, and here, in this £304,000,000, is a mine from which, without contravention of any sound economical principle, and without incurring any of the risks which must attend the change from one standard metal to another, may be found the addition to our effective coin reserves of which they are in search.

But, it may be said, even if by the issue of £1 notes this great economy in the use of gold were effected, would not the result be that in the long run we should return to precisely the same kind of scarcity as we now experience, through the supplies of gold failing to keep pace with the increasing wealth and population of the world? It is impossible to forecast the distant future, but I apprehend this need not necessarily be. The existing scarcity has arisen mainly from two causes—first, from the demand for gold proceeding from new countries which have hitherto been content with silver; and secondly, and chiefly, from the enormous increase in the absorption of gold coin for internal circulation. As regards the first, there is no reason to suppose that any other new country, now using silver, will change it for gold; and, as regards the second, the issuing of £1 notes will largely supersede the demand for gold for internal circulation. In any case, we shall have done what it is within our power to do toward providing a remedy for an evil which, without bringing any compensation, has added to the burden of the debtor and has introduced a new difficulty and impediment in the conduct of legitimate trade.

I am well aware that by many who have given great attention to the laws which regulate the issues of bank notes, any suggestions which touch the Act of 1844 are regarded with disapproval. I cannot, how-

ever, believe that even to its most uncompromising upholder the act can always appear to have worked satisfactorily. I submit that it may be possible to amend it. The suggestions I have made would introduce flexibility into its action without impairing any existing security for the bank note. They would liberate gold from a function in which it is not absolutely required, and apply it to one in which gold alone can be of use, whereby the finances of the country would be placed on a broader and more stable foundation, and trade, now languishing from deficient supplies of an element essential to its prosperity, would be revived. The suggestions pretend to no originality. They are to be found in the spirit, and, I may almost say, within the letter, of the Act of 1845, which, no less than that of 1844, was the handiwork of the great Minister to whom the commerce of this country owes so much.—*Address by Charles Gairdner before the London Institute of Bankers.*

THE GERMAN PEASANTRY.

A very interesting report on the condition of the peasantry of the German Empire has been written by the Vicomte Rorric de Beaucaire, Secretary of the French Embassy at Berlin. It is the first of a series of reports which the French Minister of Foreign Affairs has directed the representatives of France in foreign countries to prepare, at the instance of the Minister of Agriculture, who is anxious to gain information as to the best means of ameliorating the condition of the French rural laborers, so as to render them contented with country life, and thus to check that excessive migration to the towns, which is at least as great a trouble in France as it is in our own country. An examination of the population statistics shows that there had been in Germany, at any rate up to 1880, a considerable drain from the rural districts to the towns. Putting all places of more than two thousand inhabitants in the latter category, the vicomte found that from 1871 to 1880, the rural population had been nearly stationary, the numbers being 26,219,352 in the former year, and 26,513,531 in the latter; while in the urban districts there was a large increase, from 14,790,798 to 18,750,530. In proportion to the total population, the number of rural inhabitants was 63.93 per cent. in 1871, and 58.61 per cent. in 1880; whereas the urban population had risen from 36.1 per cent. in 1871, to 41.4 per cent. in 1880. Since 1880, there is reason to believe that the migration has been checked, though not stopped; but apparently no later exact statistics than those of that year were available to the writer of the report. As in France and in England, the migration has been chiefly to the large towns of Germany, those containing one hundred thousand inhabitants or more, in which the percentage of people to the total population of the empire rose from 4.8 in 1871, to 7.24 in 1880. Attention is also called to the emigration to foreign countries and German colonies, which rose from 75,912 in 1871, to 210,547 in 1881. The average annual increase of population in Germany is 493,360, nearly half of which number left the country in 1881, in spite of all possible indirect impediments placed in the way of emigration by the Government.

The next division of the inquiry was as to the consequences of the migration of rural laborers to the towns, and particularly as to the effect upon agricultural wages. This inquiry was somewhat complicated by the fact that in many parts of Germany farm wages are paid partly or wholly in kind. There appears to have been a general rise in wages

during the past twenty years, though recently there has been a drop in some parts of the country. From 1s. 6d. to 2s. per day without food, and about half as much with food, appear to be the most common rates of wages for men, women getting from one-half to two-thirds of the men's wages. Men employed by the year, living with their masters, commonly get from £10 to £15 a year. In some parts of the country there are lower, and in other parts higher, wages than these, both by the day and by the year. As little as 10d. to 1s. per day is paid in some districts, but generally with food and beer, or beer only. Where the beet-root is cultivated, wages are generally higher than any mentioned above, as much as 2s. 6d. a day, doubled in harvest, or £25 a year in the house, being paid. It is to be borne in mind that many of the day-laborers have little plots of land of their own, while in other cases it is the custom of their employers to let small plots to them at low rents. Labor appears to be plentiful in nearly all parts of the German Empire.

In France, through the migration of agricultural workmen to the towns, labor in many districts is scarce, and the farmers complain that wages have risen beyond what they can afford to pay. The question, then, was, why the same results had not followed the like migration in Germany. In answering this, the Vicomte de Beaucaire first points out that, while the rural population in France decreased from 24,928,392 in 1876, to 24,575,506 in 1881, that of Germany, as already shown, had not ceased to increase slightly, in spite of the drain upon it. It is true that the density of population in the rural districts of Germany is only slightly greater than it is in France, being 49.07 per square kilometre in the former, to 46.48 in the latter; but a density ample for one country is not necessarily so for another country, and there must be a difference in the effects upon wages of a growing population, with its increasing need of employment, and a diminishing population, with its decreasing demand for work. In addition the vicomte gives some special reasons to account for the general abundance of labor in Germany. He points out that the system of inheritance by the eldest or youngest son, prevailing throughout the greater part of Germany, throws a greater number of young men upon the labor market than the system of equal division of landed property current in France, only partially operative though it be. He also lays some stress upon the fact that the German peasant proprietors are usually heavily indebted to the village usurers, a class of parasites unknown in France, and that they are for that reason obliged to earn all that they can by labor for other persons, in order to meet their liabilities. Still, the fact that, somehow, the temptation to leave the rural districts is less powerful in Germany than it is in France, remains to be accounted for, and the explanations given to account for this difference form the most interesting portion of the report before us.

Among the causes of the comparative contentment of the German peasantry, according to the Vicomte de Beaucaire, greater simplicity of manners and a lower standard of living than prevail in France are to be considered. Attention is also called to the happy relations existing between the great proprietors and the peasantry. These relations appear to be of a patriarchal character. The peasants regard the great landowners with reverence and without envy, and there never has been any bad feeling between the two classes. It is true that there has been a revolution of the German land system, and that those who were once serfs have been set free; but that revolution was effected for, and not by, the peasantry, who were never roused, as the people of France were, to rise against and overthrow those who had power over them. Thus, there has not been anything to embitter the patriarchal relations, which date from a remote period, and while the peasant still looks up to the

great proprietor, the latter, in his turn, still discharges to a great extent the functions of a petty providence which were expected of his ancestor who was the lord of many serfs. The wealthy proprietors support hospitals and schools, pension off in old age the men who have worked for them in the prime of life, and exercise charity and kindness among the people on their estates, all known to them personally. The smaller landowners often approach the peasants in their mode of living, speak their language, hunt with them, dress but little better, and generally treat them pretty well as equals. Politicians, too, though not always wisely, have done their utmost to give contentment to the German peasantry, the peasant having for some years been as great a favorite among politicians in Germany as he is at the present time in England. Various schemes for his benefit have been carried out—some with advantage and others without good effect. The vicomte writes: To-day, in the whole empire, a great movement of opinion, a little artificial, perhaps, at the outset, but none the less genuine, exists in favor of the agricultural classes. Everything falls in with this current of thought—the laws proposed in the Chambers, measures taken by the executive, enterprises due to private initiative." Numerous associations have been created among the peasants to protect their interests and to promote the advancement of agriculture. Gifts of lands by individuals have been common, and the use of plots of land in return for services rendered have been frequently granted. These advantages, and the creation of agricultural labor colonies, in the opinion of the Vicomte de Beaucaire, have done more to retain agricultural laborers in the rural districts than all the efforts made by the State. One great project of the Prussian Government, of which marvels were expected, is described as a failure. When M. Campausen was Minister of Finances, he caused to be detached from the crown lands in Pomerania parcels of land small enough to be easily purchased by the peasants; but either because the price was set too high, or because funds were lacking among the inhabitants of the district, the scheme did not answer its purpose. In east Prussia, too, similar offers of land were made, with no other result than to attract from Prussian Poland a number of purchasers, whose arrival caused great dissatisfaction among the German inhabitants. These failures discouraged similar schemes that would have been carried out elsewhere; but it is believed by many of their advocates that they would have succeeded if the purchase money had been advanced by the State. Other attempts to give contentment to the peasantry are duties on foreign coin, lately increased, duties on most other foreign agricultural products, and the reduction of taxes specially burdensome to inhabitants of the rural districts. The shifting of the burden of taxation to a considerable extent from real to personal property is strongly advocated, and one of the projects having this object in view, that of taxing the operations of the Bourse, has lately been agreed to by Parliament. Another measure adopted for the advantage of the cultivators is the creation of the Superior Council of Agriculture (*Landwirthschaftsrath*). Recently, too, much attention has been given by the Government to the proposed formation of agricultural credit banks generally throughout the empire. For many years banks, some guaranteed by the State and some private, which advance money to landed proprietors, large and small, on mortgage or other satisfactory security, have existed in all the provinces of Germany; but for some reasons they have not been used very generally by the peasant proprietors, who still go to the village usurers for advances, which they can obtain only at ruinous interest. At present the institutions of the kind which have proved most suitable to the requirements of the small cultivators are

the mutual-loan banks, first established by M. Raiffeisen, and already existing in considerable numbers in several provinces of Germany. On account of the smallness of the capital possessed by these institutions, however, it is feared that they would not be able to withstand a serious financial crisis; and for that reason the Government has but slightly encouraged them.

As in other countries where peasant proprietorship prevails, the excessive division of land has occasioned much distress in Germany. In the districts of Trèves and Coblenz 4,972,420 *Morgen* are divided into 8,065,369 parcels, or an average of about half an acre to each little holding. Several parcels are sometimes owned by one proprietor; but the inconvenience of the separated plots is very great. Since the beginning of the present century various laws have been framed to check such excessive subdivision as this, the most recent being an act passed in 1885. Some good has been done by this legislation, especially by that promoting exchanges of plots among proprietors who own scattered portions of land, and the law of primogeniture, where it exists, has also checked excessive subdivision; but the evil has increased in spite of all checks. Where the law of compulsory division exists, it is now proposed to extend the right of bequest by the father of a family which is in force in a portion of the empire. In summing up his interesting article, the Vicomte de Beaucaire says that although the migration of rural laborers to the towns has been complained of in Germany, as in France, it has not produced such injurious results in the former country as in the latter, and it is, moreover, slackening at the present time. The means taken, and those likely to be adopted, for rendering the lot of the German peasantry more satisfactory than it has been are, he thinks, likely to effect their purpose, and he sees no reason to fear, at any rate in the near future, any such depopulation of the rural districts as would threaten the prosperity of agriculture.—*The Spectator*.

GLADSTONE'S VIEWS ON ENGLAND'S CURRENCY.

The London *Economist*, referring to Mr. Gladstone's speech on the Irish Government Bill, remarks that the British Premier incidentally pointed to the desirability of a reform of the currency arrangement of England. After stating that the control of the Customs and Excise duties would remain in the hands of the Imperial Parliament, he proceeded to say: "The same observation applies to the subject of coinage and legal tender, but we do not propose to use the term 'currency,' simply because there is an ambiguity about it. Ireland might think fit to pass a law providing for the extinction of private issues in Ireland, and that no bank-notes should be issued in Ireland, except under the authority and for the advantage of the State. I own it is my opinion that Ireland would do an extremely sensible thing if she passed such a law. It is my most strong and decided opinion that we ought to have the same law ourselves; but the block of business has prevented that and many other good things towards the attainment of which I hope we are now going to open the door. I only use that as an illustration to show that I should be very sorry if we were needlessly to limit the free action of the Irish Legislature upon Irish matters." This, says our contemporary, clearly points to the substitution for the present English diverse and absurdly complicated system of note issues of one uniform issue, in the profits upon which the State would participate. And, like Mr. Gladstone, the *Economist* is of the opinion that this would be an extremely sensible and beneficial reform, especially as it would, of course, carry with it the abrogation of the prohibition against the issue of £1 notes in England.

BANK TAXATION.

CIRCUIT COURT OF THE U. S. FOR NORTHERN DISTRICT OF OHIO.

First Nat. Bank of Toledo v. Treasurer.

1. TAXATION.—NATIONAL BANKS—UNLAWFUL DISCRIMINATION—REVISED STATUTES OF THE UNITED STATES, § 5,219.—Where the taxing officials of a city or county, which is, under the laws of the State, the territorial unit of locality for the taxation of personal property, by agreement among themselves, without formal resolution to that effect, reach a *tacit understanding* that they will assess all personal property at six-tenths of its actual value, and do this, but the National banks there located are assessed at a larger per centum of the actual value of their shares, the collection of the excess will be restrained; and this, although the excess is imposed by a State board of equalization in its attempts to equalize the National banks among themselves throughout the State, or to equalize all "incorporated banks," State and National.

2. STANDARD OF COMPARISON IN THE MATTER OF DISCRIMINATION.—The act of Congress which protects National banks from injurious discriminations does not limit the standard of comparison to the "moneyed capital" invested in the *incorporated banks* of a State, but extends to all "moneyed capital in the hands of individual citizens of the State." To equalize the shares of National banks as to a part only of that moneyed capital, is not to equalize them as to the whole, which is necessary to comply with the statute.

3. STATE BOARD OF EQUALIZATION.—Where the State board of equalization for the "incorporated banks" of the State attempts to equalize the National banks in one class *inter sese*, and the State banks in a separate class *inter sese*, but adopts one standard of percentages for the State banks, and another standard for the National banks, upon the same basis of principal sums for calculation as to each class, and maintains the average of one class at a different figure from the average of the other, if the result be an assessment of the National banks at a higher valuation, comparatively, than the others, this is evidence, in a general way, of a discrimination that is unlawful, and if it produces, as to the plaintiffs, an injurious discrimination, by assessing their shares at a valuation higher than other moneyed capital in the county or city where they are located, the excessive taxation will be restrained.

4. ASSESSMENT BELOW VALUE IN MONEY.—Nor is it any less an unlawful discrimination that the National bank shares are, in fact, assessed *below* "their true value in money."

These are five bills filed by the National banks located at Toledo, Ohio, to restrain the collection by the tax collector of an alleged excess of taxation, they having paid that which they admit to be due.

Before Welker and Hammond, J. J.

Hammond, J. The question presented by these cases is one of fact rather than law. The complainants contend that they fall within the principle of *Cummings v. National Bank*, 101 U. S., 153, and *Pelton v. National Bank*, Id. 143, while the respondent seeks to bring them within the rulings of *Exchange Nat. Bank v. Miller*, 19 Fed. Rep., 372, and *Wagoner v. Loomis*, 37 Ohio St., 571. It is better, however, before we consider the question of fact, to examine the precise bearings of these adjudications upon the rights of the parties here. They sufficiently set forth the various provisions of the constitution and laws of Ohio, and the peculiar methods of taxation in that State, and make it wholly unnecessary to repeat them in this connection. I understand the Supreme Court of Ohio to decide that, inasmuch as the constitution and laws of the State provide for equality of taxation by requiring all property

whatever to be assessed for taxation at its "true value in money," any citizen whose property is assessed below that value has no just cause of complaint because the property of other citizens is assessed at less than his own, and his only remedy is to apply to the assessing officers to increase all assessments to their "true value in money." This is the constitutional test of equality, and, even where there is a fraudulent conspiracy to discriminate against a citizen or a class of citizens, there is no relief, unless it can be shown that the burden imposed is greater than it would have been if all assessments had been made at "their true value in money."

While the Supreme Court of the United States has not undertaken to decide that this is not a correct interpretation of the constitution and laws of Ohio, it does decide that National banks can only be taxed by the States to the extent permitted by Congress, and that existing legislation does not permit the State of Ohio, by direct statutory enactment, or through its taxing officials, to systematically discriminate against those banks, even within the limit of the true value of their shares in money. Whatever may be the legal test of equality under the constitution and laws of Ohio, the test prescribed by the Act of Congress is that National banks shall not be taxed in excess of other moneyed capital. Rev. St. 5,219. In the Pelton case it was not complained that the taxation of the bank was greater than its true value in money, but only that, "while all the personal property in Cleveland, including moneyed capital not invested in banks, was in the assessment valued far below its real worth, say at one-half, or less, the shares of the banks, after deducting the real estate of the banks separately taxed, were assessed *at their full value, or very near it.*" So, in the Cummings case, the complaint was based on conduct of taxing officials similar, if not identical, in all respects to that complained of in the case we are considering. There was no pretense that the shares were taxed beyond their true value in money, but only that other property being taxed at six-tenths of its value, the bank shares were assessed at a sum "fully equal to the selling prices of said shares and to their true value in money." The disproportion was the thing complained of and relieved against in both cases. There is nothing in the case of *National Bank v. Kimball*, 103 U. S., 732, which modifies in the least the two others we have cited. On the contrary, the rule is repeated that "where, though the law itself is unobjectionable, the officers who are appointed to make assessments combine together and establish a rule or principle of valuation, the necessary result of which is to tax one species of property higher than others, and *higher than the average rate*, the court will also give relief," as it will when the statute itself makes the injurious discrimination.

And here it may be remarked that the principle is finding extension in its application, that federal prohibitions against the States cannot be evaded by making laws fair upon their face, and yet, in their administration, through common consent or neglect to enforce them, operating to annul the federal restriction. *Virginia Coupon Cases*, 114 U. S., 269, 307; S. C. 5, Sup. Ct. Rep., 903, 923. The Supreme Court of the United States and of the State of Ohio agree that, if the constitution and laws of Ohio be obeyed, or obedience to them be enforced, no inequality of taxation can arise, except such as is incidental to the exercise of erroneous judgment in valuation; or, to use the apt and forcible language of Judge Sage, in *Exchange Nat. Bank v. Miller*, *supra*, only such that to relieve against it would be to substitute for "the judgment of the assessors, in their official valuation," the differing judgment of the parties themselves, or their witnesses, "as expressed in their testimony." But when the officials charged with the duty of assessing values deliberately

determine, in deference to the popular will, not only to violate the statute itself, but the judicial admonition of those august tribunals, and adopt a different mode of valuation—as, for example, that they will place all property on the duplicate at a certain percentage of its true value in money—they cannot be permitted to apply one percentage to other property—especially “other moneyed capital”—and a *larger* percentage to the shares of National banks, for the simple reason that, whatever the laws of Ohio may permit in this regard, a paramount act of Congress forbids it. And there can be no question of intention or design in such discrimination. In the very nature of it, arithmetically considered, there is discrimination in the operation; and no reasonable man can be heard to say that he did not intend to discriminate when he applies a *larger per centum* of valuation in one case than another. If an assessor say, this piece of property is worth \$1000 and this \$600, the first tax-payer cannot complain, though each piece be worth precisely the same by every possible rule of value. But when the assessor says, these articles of property are each worth \$1000, or it may be different sums, and I assess one at *six*-tenths, and the other at *seven*-tenths, he designedly discriminates injuriously—the fact that he *ignorantly* does it is immaterial—against the one affected, and he does an entirely different thing than in the first operation mentioned. The Supreme Court of the United States says that the peculiar taxing system of Ohio, with its various assessors and diverse boards of equalization, does not necessarily result in such discrimination; but it has never said that when, in a given assessment, these boards, one and all, or any one of them, adopt a six-tenths rule as to one tax-payer, and a seven-tenths rule as to another tax-payer, there is not necessarily a discrimination in the transaction. It has said just to the contrary, and so has the Supreme Court of Ohio when it declared that “taxing by a uniform rule requires uniformity, not only in the rate of taxation, but also in the *mode* of assessment upon the taxable valuation.” *Exchange Bank v. Hines*, 3 Ohio St., 1 15. A six-tenths mode as to one, and a seven-tenths mode as to another, is not uniformity.

And here it is to be observed, for the fallacy of the contrary rule lies in that direction, that it is wholly immaterial upon what principal sum of value you make these respective calculations of percentages. If it be determined to assess all property at six-tenths of its “true value,” or of its “market value,” or by whatever name you designate it, and *that* value be reached in one case by taking the par or face value of shares in a bank, let us say, and in another by taking a value higher than the par value, because the shares will sell for more, and on one you calculate six-tenths, and on the other seven-tenths, the want of uniformity takes place, and results in a discrimination just as much as if the principal sums had been selected in exactly the same way. And it is no argument against the illegality of the discrimination to say that either of these principal sums was improperly taken as the basis of calculation, or that one was too large and the other too small, or that neither is just what it should have been. The vice does not consist of discrimination at that point, but beyond it—at the point where the different modes of ascertaining the final taxable value are adopted. The “systematic rule” that entitles the party to relief is taking a differing percentage for the final calculation. We do not say that unlawful discriminations may not be made in ascertaining the principal sums on which to calculate the percentage, but that unlawful discriminations are always made whenever the principal sums having been ascertained, no matter how, a different percentage is adopted in ascertaining the amounts to go upon the tax duplicate. Such a mode is just as “sys-

tematic" if applied in a single instance as if applied in many, if adopted by one assessor as if adopted by all, and is as "intentional" in its discrimination as if a preconceived purpose had been declared. One who touches a match to the powder might as well say that he did not intend that the powder should explode, as that an assessor should say that under such a rule he did not intend to discriminate. We do not wish to say that inequalities of valuation arrived at by erroneous mathematical calculations come within the rule of equitable relief more than inequalities otherwise reached by the imperfect processes of human judgment, but only that the process to which we have adverted carries upon its face the inherent evidence of a *systematic* rule of assessment that *necessarily* discriminates against the injured tax-payer, and that, on the principle that all must be taken to intend the inevitable consequences of their conduct, such discrimination is *designedly* oppressive. That a court of equity has jurisdiction to relieve against it there can be no doubt. *Boyer v. Boyer*, 113 U. S., 690, 695; S. C., 5 Sup. Ct. Rep., 706; *Covington Nat. Bank v. Covington*, 21 Fed. Rep. 484; *Stanley v. Albany Co.*, 15 Fed. Rep., 483; *National Bank v. Farwell*, 7 Fed. Rep., 518. And, to quote: "These decisions show that, in whatever form the question has arisen, this court has steadily kept in view the intention of Congress not to permit any substantial discrimination in favor of moneyed capital in the hands of individual citizens as against capital invested in the shares of National banks." 113 U. S., 695; 5 Sup. Ct. Rep., 709. Nor do I understand these cases to imply that there must be "a fraudulent conspiracy" between more than one person engaged in the business to injure the National banks, *eo nomine*, by assessing them at a higher valuation than the average; but only that, whatever be the State of mind of the taxing officials on the subject, and be the assessors one or many, no rule of valuation shall be adopted that lacks the element of uniformity in its application to all alike, if the rule be injurious in its operation by discriminating against the banks under the protection of Congress.

Coming now to the facts of this case, let us first examine the action of the State board of equalization. We have in their own report the "rules" by which that action was governed, as follows:

"The State Board of Equalization of bank shares adopted the following rule for arriving at the valuation of National banks: (1) Take as a basis amount of capital, surplus and undivided profits, as representing the actual value of the shares. (2) Take the assessed value of the shares as fixed by the county auditors, exclusive of real estate, and ascertain what per cent. it bears to the sum of the capital, surplus, and undivided profits. It was found that the value, as fixed by county auditors was 68 per cent. of actual value. (3) For the purpose of equalizing, as nearly as possible, the valuations, and allowing a reasonable margin for the judgment of the auditors, the board decided it would determine the value of the shares as follows: In all cases where the per cent. of assessed value to actual value did not exceed 75 per cent., or fall below 65 per cent., it should remain as returned by county auditors. In all cases where such value exceeded 75 per cent., it should be reduced to 75 per cent., but a reduction of more than 10 per cent. should not be made, except in special cases of apparently excessive valuation. In all cases where such value fell below 65 per cent., it should be increased to 65 per cent., but an increase of more than 10 per cent should not be made, except in special cases where the value fixed by the auditor was deemed excessively low. (4) To the values thus found was to be added the assessed value of real estate. Same rule was used in fixing valuations of State banks as National banks, except that 55 to 65 per cent. was taken as a basis, instead of 65 and 75."

Now, passing for a moment all contention as to the circumstances under which it was done, there is no doubt of the fact that the county auditor of Lucas County, in the discharge of his function, under the Revised Statutes of Ohio, § 2,766, took precisely the same basis for the "actual value of the shares" that this board did, namely, the par value of the stock, the surplus, and undivided profits, as returned by the respective banks themselves; and he did this uniformly, treating the only State bank in the county in precisely the same way. This was the "judgment of the assessor in his official valuation" of the actual or "true value in money" of all bank shares in the City of Toledo. It were bootless to inquire whether the "unofficial judgment" of witnesses would not have found the true value in money to have been different because these shares, or some of them, could have been converted into money at higher figures; for, both the primary and revising officials appointed to make this assessment *agreed*, by their action, that it should be fixed at the par or face value of the stock, surplus, and profits *as returned by the banks themselves*. Hence we have a uniform basis of the principal sums to start with, and our only inquiry is, have these officers adopted a uniform rule of percentages in fixing the final values for the tax duplicate, or they have adopted rules on that subject which, for want of uniformity, result in producing an inequality that necessarily, from the nature of the rules, discriminates against the National banks, by putting them on the duplicate at a higher percentage than "other moneyed capital in the hands of individual citizens?"

Unfortunately we have not, in this record, a tabulated statement showing the action of this board in reference to all the National banks in the State of Ohio, but we have such a statement as to all the State banks. By it there appears the fact that, starting with the same uniform basis of calculation, the average *assessed values*, as fixed by the county auditors, was 59 per cent. of that sum; and when the board had finished with the application of its own rules to each bank according to its deserts, the *average* was the same—59 per cent.—but there were remarkable changes in the detailed results, to which reference will be presently made. It appears, by these rules themselves, that the average value fixed by the county auditors for *National* banks was 68 per cent., on the same basis of calculation; and, inferentially, when the equalization among them was completed, it was also left at 68 per cent. It would seem, on the rule of percentages, that given a uniform basis of actual values, fixed by adopting those of a statutory rule requiring a uniform report of certain values for both classes of banks, this equalizing process could have been brought about by increasing the State banks—each according to its deserts—to the average of the National banks of 68 per cent.; or, reducing the National banks—each according to its deserts—to the average of the State banks of 59 per cent., or fixing any common per centum, and conforming all alike to that. But the board did not do this, and confined its equalization to each class separately. The act of Congress having forbidden the greater taxation of National banks than State banks, or other moneyed capital of individual citizens, it would seem that this board of assessors—for that is what they were—in obedience to it, should have had a care to equalize the National banks with the State banks, and not alone each class separately, *inter sese*. Here was, according to this tabulated statement of its action in the matter of the State banks, an aggregated "moneyed capital" of \$2,159,401.04, in the hands of the State banks of Ohio, which they assessed at an average of 59 per cent. of *that amount*, being its par value as returned by the banks in obedience to a statute prescribing the method of making the return. Presumably,

the amount returned by the National banks was not less, perhaps was largely more; and that was assessed, confessedly, at an average of 68 per cent. of the same par value returned in obedience to the same statute. This was a discrimination of 9 per cent. against the National banks as a whole without reference to its effect on the individual cases of either class. Moreover the board adopted a sliding scale of increase and decrease differing 10 per cent. between National and State banks, which certainly did not tend to mitigate the discrimination already shown by the larger average of the returns made by the auditors.

Taking the largest average of local valuation among the State banks, we find that a bank in Ashtabula County was assessed at 93 per cent. of the statutory return values, and was reduced to 83 per cent. by this board, being 24 per cent. above the average; and the lowest, a bank in Monroe County, by local valuation, was placed at 16 per cent., and by State valuation was increased to 26 per cent., being 33 per cent. below the average, and a difference of 57 per cent. between the two banks upon their statutory returns. If the same process was applied to the National bank class, as doubtless it was, here would be discrimination against the bank taxed at the higher average in favor of the "moneyed capital of the individual citizens owning the other National bank; and it is just as much against the act of Congress to discriminate against one National bank as against another National bank as it is to discriminate in favor of other citizens. The effect of all this on individual banks it is impossible to tell; but it shows, as evidence, that there was a discrimination against the National banks as a class in favor of the State banks as a class, and against the National banks *inter sese*, in some instances, certainly. Again, in direct violation of the State statute (Rev. St. Ohio, § 2,766), this board, after fixing the "assessed value of shares, exclusive of real estate," instead of placing *that* value on the duplicate, which would be deducting the real estate as it stood upon the duplicate, *added* the value of the real estate to the other. Why this was done is not at all explained, and it was done as to both National and State banks. Perhaps they found that, under their manipulation of the returns, in some cases, as in that of the only State bank in Toledo, the value of the shares was such that to deduct the real estate left nothing for taxation. In that instance they found the value of the shares \$35,031; and as the value of the real estate had been already fixed on the duplicate at \$37,530, to deduct it would allow the bank to escape all taxation on its shares. This was not an absurd result, under the particular mode of assessment adopted, and should not have deterred the board from obeying the statute, because it might frequently happen, under such a plan of assessing values, that a bank's real estate would exceed in value the value of its other resources, or its shares of stock, however that value may have been fixed. But the direction of the statute is plain that the real estate must be deducted from whatever value is found as the actual value, and that this value, exclusive of real estate, should go on the duplicate. This could not happen, however, under the correct statutory system of valuation pointed out by the Supreme Court of Ohio, when the value of the real estate would properly enter into the estimate of the total value of the shares of the bank, as primarily ascertained under the preceding section, unless the real estate, after paying the debts, should be all that was left. The technical meaning of a *share* of stock in a partnership or incorporated company is that portion of the surplus which belongs, under the articles of agreement or charter and by-laws to the members according to their respective interest, after the property, real, personal and mixed, has been converted into money, and the debts paid. Esti-

rating the market or "true value in money" for the purposes of taxation is, *pro hac vice*, a conversion into money. And this is true, notwithstanding there may be a value beyond this arising, while the concern is in business, out of the good-will, or out of the franchise granted, which may or may not be taxable according to circumstances, and whatever latitude be allowed for diverse schemes of taxation, or whatever constitutional or statutory restrictions be imposed on any particular scheme. *Bank of Commerce v. New York City*, 2 Black, 620; *Van Allen v. Assessors*, 3 Wall, 573; *Farrington v. Tennessee*, 95 U. S. 679, 686; *Delaware Tax Case*, 18 Wall. 206, 229; *Frazer v. Seibern*, 16 Ohio St. 615, 619, 620. The effect of the wrong plan on this Toledo State bank was to assess it at very near the face value of its returns for taxation, or about 96 per cent. Of course, we have nothing to do with this particular inequality, but it illustrates that the inequalities were "gross, if not scandalous," to use the phrase of the chief justice of Ohio. The system is essentially vicious, and necessarily results in discriminations as applied in this particular assessment, though not necessarily in all assessments; for, as the Supreme Court of the United States says in the cases cited, it may be that it is possible to so work it that no discrimination will take place in fact against any given National bank. Certainly, the conspicuous and intelligent officials constituting this State board of equalization understood, as we do, that inequalities and discriminations were the necessary outcome of their "rules;" and they found their justification, no doubt, and not unnaturally, in the decision of the State Supreme Court that, as long as they kept below the "*true value in money*" in all cases, there was no violation of the constitution and laws of the State of Ohio, and discriminations were immaterial. But they certainly overlooked the Act of Congress as interpreted by the Supreme Court of the United States. For, although their action in the premises did not necessarily, nor in fact, result in taxing any National bank at a valuation higher than its true value in money, as shown by the bank's own return, or, perhaps, not higher than its true value in money, as shown by the selling prices in the market, it did result, as we can see in a general way, if we take the State of Ohio as the unit of locality, in assessing the National banks, on the average, higher than the "other moneyed capital" invested in State banks.

Counsel for complainants attack this report vigorously as inherently void on its face, because of the violations of the statute we have mentioned, and insist that any increase arising from it should be enjoined as illegal. Not being in violation of the Ohio rule of equality by going above the true value in money, we cannot assent to this, nor say that it is void; but under the Federal or Congressional rule of equality we do think that, systematically, the National banks have been, by this action of the board of equalization, designedly assessed at a relatively higher value than other moneyed capital in State banks. The "rules" were discriminating within themselves, according to that test, and each of the complainants here shows that it was assessed at a valuation higher than the average applied to State banks, and therefore suffered by the discrimination in this general way.

But, when we apply still another test of equality, the discrimination becomes more glaring. Under the Ohio system of taxation the State is not the unit of territorial locality for the valuation of all "moneyed capital" in the hands of individual citizens" of that State. It is the unit for real estate and for *incorporated* banks; but for that vast field of investment of "moneyed capital" not employed by *incorporated* banks, the counties and cities are the units of locality, and it is there that equalization takes place, and not throughout the State. But the Act of Congress

does not at all limit the standard of comparison to "moneyed capital" invested in the *incorporated* banks of Ohio, but extends it to all "moneyed capital in the hands of individual citizens" of that State. Hence we must look also to the counties and cities, and examine the allegations of these bills as to discriminations according to that comparison. There is no doubt of the fact, however it may have occurred, that in Lucas County all personal property was placed, or intended to be placed, upon the duplicate by the taxing officials at six-tenths of its value. So thoroughly was the rule carried out that money, about the value of which there was no room for any differing "official judgment" as to its value, was placed at six-tenths, like the rest. The auditor, who was the primary assessor, of bank shares, impartially assessed all shares at six-tenths of the value as shown by their own returns, and deducted the real estate as required by statute. But the equalizing board, whose action we have been examining, disturbed this assessment by increasing the values of the complainants hereabouts as follows:

First National Bank.....	70 per cent
Second " "	66 "
Toledo " "	70 "
Merch'ts " "	68 "
Northern " "	65 "

The auditor, however, took the responsibility of violating the instructions of the State board of equalization, and did not *add* the values of the real estate, but placed the complainants on the duplicate at the increase of that board of "assessed value, exclusive of real estate," not *deducting* the real estate from those values. The result was, they went upon the duplicate at something less than the foregoing figures, but all in excess of the six-tenths of other property. The defense against this is, as before, that these officials, one and all, were charged with the duty of assessing complainants at the true value of money in their shares; and, being *below* that value, by whatever imperfect processes they may have arrived at the figures, there can be no complaint that other property has been assessed at less than their own. What we have already said is an answer to this, because the six-tenths valuation was a "rule," so inherently uniform in its application that to increase the per centum was, *ipso facto*, to discriminate injuriously.

But there was a "system" in it beyond that, if anything more be needed. There is conflict in the proof as to the fact whether the assessment at six-tenths was the result of formal action by the taxing officials, but none that there was a general understanding to that effect. It was not the result of accident, as is plainly shown by the proof. We shall not undertake to detail the testimony, but only to say that it establishes, we think, these facts.

(1) Prior to the year in controversy the taxing officials of Lucas County and the City of Toledo determined by formal resolution that inasmuch as the decennial assessment of real estate in 1880 had fixed the taxable value of that class of property at about one-half its value, it was only fair to assess personal property at six-tenths, as nearly as could be done. (2) In 1883 the local board of equalization determined, in consultation, to assess it in the same way; but objection being made that perhaps there was no power or was danger in taking a formal resolution to that effect, they agreed to let the action rest in a "mutual understanding" to so assess it, and without such formal action. Some witnesses say a motion was put and carried, but this was, perhaps, not quite correct; and the matter was left to a mere "understanding" among the members that they would direct the auditor to so instruct

the local assessors, and when it came to equalization they would themselves act on that "understanding." (3) When the assessors assembled under the call of the auditor, pursuant to section 2749, Rev. St. Ohio, some witnesses say he gave them the instruction to assess at six-tenths—he says he did not, and we think that he is the most accurate; and that, while he and they agreed that it should be so assessed, to make all property equal in taxation, he declined to so instruct them, but referred them to the laws of Ohio for their duty. (4) Nevertheless, the assessors themselves determined to assess at six-tenths, and, again, some witnesses say that a motion was made and carried, but it was not to be made a matter of record; but we think this is not, perhaps, quite accurate, but they did "mutually agree" that they would so assess the property, and without such formal action. (5) The county auditor yielding to the popular will in that behalf, himself determined to so assess the banking capital within his jurisdiction. (6) The assessors did assess all personal property at six-tenths, as nearly as could be; the board of equalization corrected all assessments according to their mutual understanding, and equalized the returns in pursuance of that simple mathematical process; and the auditor did the same for the banks. (7) Thus, all personal property except the "moneyed capital" employed in the *incorporated banks*, went upon the tax duplicate at six-tenths, without more ado, and the returns of the banks were made to the State board of equalization, with the results already mentioned.

It needs only a statement of the facts to show that this action of the taxing officials was as effectual to invoke the operation of the legal principles we have referred to as if their action had been of the most formal character and made a matter of record; as effectual, indeed, as if the "usage," "custom," agreement," "mutual understanding," "tacit consent," etc.—by all of which names it is called by the witnesses—had been embodied in a statute of the State of Ohio. The evasion attempted cannot be permitted. The method adopted was a "systematic rule," of assessment that should have been applied, and was, by the local assessors to all alike; and any departure from it would amount to an illegal discrimination. Now, then, even if it be admitted that the State board of equalization had, throughout the State, exactly equalized all "moneyed capital" invested in the "incorporated banks," State and National, and yet there was a discrimination against the National banks located in Lucas County or the City of Toledo in favor of "other moneyed capital in the hands of individual citizens," and this discrimination was the result of a "systematic rule," necessarily producing the discrimination, it would be unlawful and should be restrained; and this, for the plain reason that, whatever be the test of inequality under the laws of Ohio, the Act of Congress has not said that the standard of comparison for the discrimination prohibited, shall be confined to the moneyed capital invested in the incorporated banks of the State of Ohio, but extends to all "moneyed capital in the hands of individual citizens" of that State. To equalize the National banks with a part only of the "other moneyed capital" is not to equalize them with the whole, which is necessary to comply with the Act.

Let the complainants have decrees restraining the collection of the excess of taxation levied upon them, they having paid all that they admit to be due. If the parties cannot agree upon the amounts of the excess, there should be a reference to the master to settle it. So ordered.

WELKER, J., concurred.

BOOK NOTICES.

The Conspiracy against Silver; or, a Plea for Bi-metallism in the United States. By E. J. FARMER, Cleveland, Ohio: 1886.

This is the second edition of the author's pamphlet. He begins with a statement of "facts in favor of bi-metallism," which contain the substance of his leading propositions on this well-worn theme. These are: first, that both gold and silver have been used as money from the earliest ages, and that the ratio of value between the two metals has changed but little in 3,000 years; second, that the increase in the quantity of the precious metals has not kept pace with the increase of population and the increase of commerce and trade; third, that in order for any metal to form a basis of value as money, there must be enough of it for that purpose; fourth, that history proves there has been enough of gold and silver combined to serve mankind as a basis of value through all the ages, but there has not been enough of either metal alone; fifth, that the effort to demonetize silver and establish a gold basis alone has resulted in untold disaster to the people of every nation that has attempted it; sixth, that the true basis of value is a gold and silver basis—that it is the most permanent, and gives to nations the greatest degree of prosperity.

How we are Governed. An Explanation of the Constitution and Government of the United States. A Book for Young People. By ANNA LAURENS DAWES. Boston: D. Lathrop & Company.

In the preface the author says that she has endeavored to explain our Government so simply that the boys and girls of our nation may understand its principles and admire its methods. It is a service not before undertaken, and it has seemed to her as necessary as it is attractive. The author, after setting forth the necessity of establishing the Government in a single chapter, divides the field into five parts—the legislative, executive, judiciary, citizen and the States. The work is kept true to the author's intention, simplicity is preserved, yet a very considerable body of information is given. The author, doubtless, has had the benefit of her father's long experience as member of Congress in preparing the book, and the result is a work of real value. Happily the study of political history and science in this country, after a long waiting, has begun in earnest, and this book will strengthen that interest by rendering it possible for another and large class to engage in the study, for whom no work worthy of the name existed before.

COLFAX SPRINGS, IA.—A fashionable summer resort and finest sanitarium in America, 333 miles west of Chicago, 24 miles east of Des Moines, on Chicago, Rock Island & Pacific Railway. Hotel Colfax has accommodations for 350 guests; parlors and rooms elegantly furnished. Pleasant walks and drives in shady groves, mineral baths under direction of a competent physician. Beautiful scenery; facilities for boating and fishing. Good society and congenial surroundings; the temporary abode of cultivated and refined people.

INQUIRIES OF CORRESPONDENTS.

ADDRESSED TO THE EDITOR OF THE BANKER'S MAGAZINE.

LOST NOTES.

If a note be lost in the mails, and fail to reach the bank where payable at maturity, and the endorser who received value for the note be notified on the day of maturity of such loss by the holder, will he not be held in equity for its payment? I think I have seen an article on this subject in one of the back numbers of your magazine which I have. Can you refer me to it?

REPLY.—The proper course to be followed by the owner of a lost note is this: He should obtain a copy of it, if possible (though this is not absolutely essential), and then on the day of maturity make due demand upon the maker for payment, accompanying his demand with a tender of sufficient indemnity to the maker against the future appearance of the note, and in case the maker refuses to pay, due notice of non-payment should be given the indorsers as in other cases.

Daniel says, *Negotiable Instruments*, § 1464: "The loss of a bill or note is no excuse for want of a demand, protest or notice, because it does not change the contract of the parties, and the drawer and indorsers will be at once discharged if there be failure in respect of either the demand, protest or notice." The offer of indemnity is not strictly necessary for the purpose of holding the indorsers, who will be bound by due demand and notice whether an indemnity is offered the maker or not; but since the maker is entitled to an indemnity before he can, by any proceeding, be compelled to pay the note, the neglect to offer an indemnity at the time payment is demanded will prevent the recovery of costs against the maker in the subsequent legal proceedings which may be taken to enforce his liability. See *Negotiable Instruments*, § 1465.

As to the remedies of the owner of a lost note, the inquirer will find a discussion of that subject in Daniel, § 1475 et seq. In those States where the old distinction between law and equity is preserved, the remedy is generally in equity, though in some States, by statute, actions may be maintained at law, power being specially given to the courts to make orders upon the subject of indemnity.

As the case put in this inquiry is stated, it is not certain that enough was done to hold the indorser upon the note in question. Assuming that no demand was made upon the maker, and the indorser was merely notified on the day of maturity that the note had been lost, the authorities would appear to be conclusive that the indorser is no longer liable.

WITHOUT a division the committee of the whole House incorporated an amendment in the Sundry Civil bill, June 24, requiring the Secretary of the Treasury to issue certificates of the denominations of \$1, \$2 and \$5 on all surplus silver dollars now in the Treasury in payment of the appropriations made in the bill and other expenditures and obligations of the Government.

The Philadelphia Board of Trade has memorialized Congress for \$1 and \$2 notes, either greenbacks, National-bank notes, or silver certificates.

CONDITION OF NATIONAL BANKS.

We have received, through the kindness of Hon. W. L. Trenholm, Comptroller of the Currency, the following abstract of reports, showing the condition of the National banks (*2809 in number*) in the United States at the close of business on Thursday, the 3d day of June, 1886:

RESOURCES.

Loans and Discount.....	\$1,393,253,742	57
Overdrafts.....	5,298,357	14
United States bonds to secure circulation.....	279,414,400	00
United States bonds to secure deposits.....	18,663,000	00
United States bonds on hand.....	12,652,550	00
Other stocks, bonds and mortgages.....	83,347,119	93
Due from approved Reserve Agents.....	133,027,136	53
Due from other National banks.....	77,632,198	47
Due from State banks and bankers.....	17,720,924	26
Real estate, furniture and fixtures.....	53,117,564	42
Current expenses and taxes paid.....	8,684,672	33
Premiums paid.....	13,298,269	23
Clearing-house Loan certificates.....	205,000	00
Checks and other cash items.....	12,181,455	80
Exchanges for Clearing-house.....	76,140,330	60
Bills of other National banks.....	25,129,938	00
Fractional currency.....	452,361	34
Trade dollars.....	1,713,384	35
Specie, viz.:		
Gold coin.....	\$77,663,587	67
Gold treasury certificates.....	41,446,430	00
Gold Clearing-house certificates.....	26,867,000	00
Silver coin—Dollars.....	6,757,263	00
Fractional.....	2,913,304	82
Silver Treasury certificates.....	1,812,290	00
Legal-tender notes.....	157,459,875	49
United States certificates of deposit for legal-tender notes.....	79,656,783	00
Five per cent. Redemption Fund.....	11,850,000	00
Due from United States Treasurer.....	12,198,526	43
	1,416,892	00
	<hr/>	
	\$2,474,544,481	89

LIABILITIES.

Capital stock paid in.....	\$539,109,291	72
Surplus fund.....	153,642,934	86
Other undivided profits.....	67,662,886	02
National-bank notes issued.....	\$250,447,684	00
Amount on hand.....	5,554,587	00
Amount outstanding.....	244,893,097	00
State-bank notes outstanding.....	132,470	00
Dividends unpaid.....	1,526,776	66
Individual deposits.....	1,146,246,911	43
United States deposits.....	13,670,721	76
Deposits of United States Disbursing Officers.....	2,798,864	55
Due to other National banks.....	204,405,273	11
Due to State banks and bankers.....	90,591,102	81
Notes and bills re-discounted.....	8,718,911	71
Bills payable.....	1,145,240	26
	<hr/>	
	\$2,474,544,481	89

The amount of circulation outstanding at the date named, as shown by the books of this office, was \$311,699,454, which amount includes the notes of insolvent banks, of those in voluntary liquidation, and of those which have deposited legal-tender notes under the act of June 20, 1874, for the purpose of retiring their circulation.

BANKING AND FINANCIAL ITEMS.

ARRANGING FOR THE BANKERS' CONVENTION.—The Secretary of the American Bankers' Association was in Boston for the purpose of completing the preliminary arrangements for the coming convention of the American Bankers' Association, to be held in that city August 11 and 12. He has been in consultation with Mr. Edward Tyler, President of the Suffolk Bank, and Mr. James H. Bouvé, President of the Boston National Bank, members of the executive council, and with the vice-president of the association, Mr. Abraham O. Bigelow, President of the Massachusetts National Bank. The place of meeting will be decided upon, also the location of the headquarters of the association during the stay of its members in Boston. The former will be Horticultural Hall, and the headquarters at Young's Hotel. Eight thousand banking institutions will be represented at the convention, which, it is expected, will be the largest and most useful meeting ever held by the association. A number of interesting and instructive papers will be read, including a report on the redemption system, one of the most prominent features of our system of finance, and which was largely brought about by Boston bankers and banks; also a report upon the great and prompt service rendered by the Boston banks in supporting the Government, and preventing the recognition of the Southern Confederacy.

NEW SERIES OF GOVERNMENT NOTES.—The House Committee on Banking and Currency have under consideration at present a bill providing for an entire new series of Government notes, of such design as will render the raising of denominations impossible. This bill was introduced partly on the recommendation of Gen. Rosecrans, Register of the Treasury, who favors a complete change in the present series and character of the currency of the country and in the system of book-keeping now in vogue in the departments, and partly to the fact that Treasury detectives have recently come into possession of a five dollar bill which had been raised to one hundred dollars and put it into circulation. A novel design has been presented to the committee for the proposed new notes, which, it is claimed, will make it impossible to raise the denominations. The bill has been sent to the Secretary of the Treasury for his opinion and recommendation.

A CALL FOR BONDS.—The Acting Secretary of the Treasury on June 21 issued the one hundred and thirty-eighth call for the redemption of bonds. The call is for \$4,000,000 of the 3-per cent. loan of 1882, and notice is given that the principal and accrued interest will be paid at the Treasury on August 1, and that the interest will cease on that day. Following is a description of the bonds: Three-per-cent. bonds issued under the act of Congress approved July 12, 1882, and numbered as follows: \$50, original No. 136 to original No. 147, both inclusive; \$100, original No. 1,813 to original No. 1,883, both inclusive, and original No. 9,922 to original No. 9,926, both inclusive; \$500, original No. 825 to original No. 843, both inclusive, and original No. 4,226 to original No. 4,228, both inclusive; \$1,000, original No. 5,963 to original No. 6,194, both inclusive, and original No. 23,730 to original No. 23,737, both inclusive; \$10,000, original No. 12,966 to original No. 13,344, both inclusive, and original No. 28,259; total, \$4,000,000. The bonds described above are either bonds of the "original" issue, which have but one serial number at each end, or "substitute" bonds, which may be distinguished by the double set of numbers, which are marked plainly "original numbers" and "substitute numbers." All of the bonds of this loan will be called by the original numbers only. The three months' interest due August 1 on the above-described bonds will not be paid by checks forwarded to the holders of the bonds, but will be paid with the principal to the holders at the time of presentation. Many of the bonds originally included in the above numbers have been transferred or exchanged into other denominations on "waiver," the original numbers being canceled, and leaving outstanding the apparent amount above stated.

THERE seems to be no doubt among the friends of Secretary Manning that after a visit of several weeks at the Hot Springs he will return to Albany during the bi-centennial week and spend the rest of the summer at Watch Hill, Conn., as has been his custom. It is further believed that in the fall he will close up his affairs at Washington and retire permanently from the Treasury and from political life. In this case he would resume the presidency of the Commercial National Bank, which he resigned on going to Washington.

NEW BANKING QUARTERS.—Formost among the banks of New York City to provide every convenience for the disposal of its business is the Seaboard National Bank, in its new quarters at No. 18 Broadway, a change made necessary by the large increase of its business among the merchants of lower Broadway. Their banking room is 130 by 30 feet, amply lighted, fitted up in polished cherry, with gray marble counters finished with Tennessee marble trimmings, and floors of Minton tiling, electric and gas lights at every convenient point. Two complete vaults furnish security for valuables. The director's room at the rear is 12 by 30 feet and handsomely furnished. There is also a convenient private office for the exclusive use of depositors and out-of-town correspondents.

NEW YORK THREES.—The sale on the 17th of June of \$2,000,000 of New York City 3 per-cent. bonds attracted great interest. The total bids were nearly \$14,000,000. There was one bid for the whole \$2,000,000 at 105.03, and this bid took the whole loan, except \$100,000, for which 105.35 was offered. The loan was for the purpose of increasing the water supply of the city. Nearly all the bids were 103 and upwards. The purchaser at 105.03, taking the time the bonds have to run, gets an annual interest of 2.6 per annum. It is not long ago that the city, under the management of the late John Kelly, sold at par its 5-per-cent. gold bonds of the city, payable in 50 years and redeemable in 30 years, when Boston was selling at par, to eager purchasers, 4-per-cent. currency bonds, having only 20 years to run. At present purchase prices, United States 4s pay only 2.44 per cent. interest, and 4½s only 2.15 per cent.

SOME of our readers may remember that the London Bank of Utah (limited) at Salt Lake City was closed by the United States Marshal in April, 1884, on an attachment for about \$70,000 issued at the suit of W. K. K. Bowers. Assets to the value of about \$80,000 were taken possession of by the Marshal. The judge who authorized the attachment required a bond of only \$4,000 from Bowers as security against damages resulting from the attachment. The case was recently tried, and with the result that the jury returned a verdict that instead of the bank being indebted to Bowers, he was the debtor of the bank in the sum of \$14,500. The local creditors of the bank have since received payment of all their claims, with interest. The shareholders in the bank are, without exception, Englishmen.

NEW YORK CLEARING-HOUSE.—The following is a copy of a recommendation issued June 5th, signed by sixty banks, members of the New York Clearing-house: The bank officers of the City of New York have recently expressed their dissent from the endeavor to pass a law through the State Legislature, making the half of every Saturday during the entire year a legal half holiday, so far as to arrest the payment of commercial obligations during a portion of that day. This action they felt constrained to take because of a doubt of the efficacy of such a local statute, and because of the extra risk incurred in thus suspending in one State the operation of long established and universal law upon the subject of business paper. They were also mindful of the inconvenience imposed upon the community, of so often demanding a change of time in the maturity of commercial obligations. But while thus moved solely by a sense of official duty, they nevertheless sympathize with the object avowed by friendly legislators, viz., to give to the large class of persons engaged in banking, commercial, and mercantile pursuits, some opportunity during the week for relief and relaxation from the toils of business. They believe that this good object can be more safely and substantially effected without law, by simple voluntary action, and co-operation on the part of the public themselves. To this end they recommend that during the summer ensuing, the experiment be fairly tried of bringing all banking and commercial business for the week, as far as possible, to a close on Saturday at one o'clock P. M., and we will cheerfully use our best endeavors to arrange the operations of our respective banks with each other and with the public to effect that object.

HE STOLE THE BANK'S MONEY.—Isaac Rodgers, formerly a clerk of the First National Bank of Chester, who pleaded guilty to embezzling about \$27,000 of the bank's money, from the years 1879 to 1884, and covering up the deficiency by making false entries in the books, was sentenced to pay the costs of prosecution and to an imprisonment of seven years in the Eastern Penitentiary. Rodgers, when discovered in his peculations a few years ago, returned some five or six thousand dollars, which at that time was believed to be the amount of his stealings.

A CORRESPONDENT of the *Albany Journal* draws attention to the fact that the deposits in the Savings banks of the State of New York have increased from \$58,000,000 in 1860 to \$437,000,000 in 1885, and remarks that as the depositors are largely working people, the laborer's lot cannot be altogether as the demagogues represent it.

A CO-OPERATIVE BANK IN MEDFORD.—A co-operative bank has been formed in Medford, with the following-named officers: President, Dana I. McIntire; Vice-president, J. Henry Norcross; Secretary and Treasurer, James S. Sturtevant; Directors, James W. Tafts, Fred. C. Williams, John H. Hooper, Thomas B. Dill, William C. Craig, John A. Sullivan, Charles Currier, Charles P. Lauriat, George W. W. Saville, Eli W. Ayer, Howard D. Nash, Charles N. Jones, Ira W. Hamlin, Joseph E. Ober, Henry Withington, William H. Warren; Auditors, William P. Martin, Edward W. Hayes, Fred H. Kidder. The bank will begin business the first Wednesday in July.

HE REMEMBERS HIS NATIVE TOWN.—David Moffatt, Jr., banker and millionaire, of Denver, Col., visited his native town of Blooming Grove, Middletown County, N. Y., a few days ago, and while there purchased a site for a free public hall and library, which he proposes to present to the town. The site selected is the Walter Halsey property in the village of Washingtonville. The building will be of the Elizabethan style of architecture, and will consist of two stories and a bell tower, the materials used being brick with stone trimmings and terra cotta ornaments. The first story will be fitted up for a hall and opera house, and the second for a library and reading rooms. The cost of the building will be about \$50,000. Mr. Moffatt proposes to equip the edifice with a library and its adjuncts complete, and on presenting the institution to the authorities of the town for public use, he will endow it with a fund sufficient to maintain it in perpetuity.

MAINE.—A semi-annual examination of the fifty-four Savings banks of the State finds that the aggregate deposits May 1 were \$36,293,504, an increase during six months of \$1,181,964. The excess of assets over actual liabilities is \$4,583,719, an increase during the year of \$483,973.

INDIANA.—Mr. J. H. Tate, who for thirteen years has held the position of Cashier of the Parke Banking Co., at Rockville, Ind., has resigned. He goes to Omaha, Neb., to engage in the real estate, insurance, and loan-agency business.

CASHIER FORRESTER IN COURT ONCE MORE.—In the United States Circuit Court, Henry C. Forrester, Cashier of the Lancaster National Bank of Clinton, was brought in on a *capias* to answer to an indictment charging him with making false entries in the books of the bank, and was held in \$2,500 for trial.

A NOTORIOUS BANK THIEF SENT OUT OF TOWN.—Police Inspector Robinson took into custody on June 11 a notorious bank thief named Ed. Rice, who was seen at the Boston & Maine Station. Rice has been concerned in several bank robberies, notably those of the First National Bank of Detroit, Mich., and the Lechmere Bank of East Cambridge, and others. He has served twenty years in prison. Rice was photographed and sent out of town.

EXPRESS PACKAGE ROBBED IN TRANSIT.—The Van Wert (O.) National Bank received on June 2, by United States Express, from the Union National Bank of Cincinnati, O., a package purporting to contain \$10,000, but when opened it was found to be filled with cotton, pasteboard, and railroad advertising bills. The package should have reached Van Wert on Wednesday. The money clerk who received it here says he sealed it with green wax. The way bill for the run of Tuesday night had the package marked "short." When received the package was sealed with red wax. The delay of twenty-four hours in transit is not yet explained but will doubtless give a clue to the robber.

SUCCESS OF THE RELIEF FUND.—The managers of the Pennsylvania Railroad Relief Fund report that there are at present nearly 12,000 members entitled to the benefits of the scheme. Before it was made entirely voluntary, about 18,000 members signified their intention of joining, but about one-third of them withdrew their names when the modifications were made, taking effect the first of this month. The membership is increasing constantly, and the managers feel assured that the plan will be entirely successful. So far, over \$1,000 have been paid in death benefits, and about \$8,000 to members on account of sickness.

THE GIRARD BANK WINS A SUIT.—In the suit of Thomas Harvey against the Girard National Bank, Judge Wilson has prepared a decision. The action was brought to secure damages for negligence on the part of the defendant in not presenting a draft in time for payment to the Shackamaxon Bank. A draft for \$799.22 was drawn upon the plaintiff, who deposited in the Shackamaxon Bank funds to meet it. The draft was transmitted by the holder to the Girard Bank for collection. The Girard Bank mailed the draft to the Shackamaxon Bank on May 27, 1885, and its receipt on that date was acknowledged, but no other presentation or demand for payment was made by defendant until June 1, when it was refused. If the draft had been presented on May 27 or 28 it would have been paid. On May 29 the Shackamaxon Bank failed. To sustain his credit the plaintiff took up the draft, and then sought to recover the amount from the Girard Bank. The Judge holds that the Girard Bank was negligent in not collecting the draft when it could have done so, and for that negligence was responsible to the holders of the draft, who under these facts could not have collected it from the plaintiff upon whom it was drawn, but his payment of the draft was a voluntary one, and worked to the relief of the defendant, who was liable to the holders as their agent for collection for negligence, but this voluntary payment did not give to the plaintiff any new right against the defendant, between whom and himself there was no contractual relation.

A NATIONAL BANK SUSPENDS.—The Mower County Bank, Austin, Minn., suspended June 12. The liabilities are about \$90,000. Creditors are mostly depositors in sums from \$3,000 to \$10. A member of the firm stated that the deposits were about \$55,000, and the assets over \$80,000.

FORGERY AND SUICIDE—A YOUNG BANK CLERK RAISES CERTIFICATES AND DIES IN HIS CELL.—Nelson Palmer, a respectably-connected young stock broker, of Baltimore, was arrested on the night of June 11, charged with forgery. A year or so ago, while in the employ of Andrews, Peters & Co., he had received an order from Gabriel D. Clark, a wealthy Baltimorean, for the purchase of some railroad stock. He bought five certificates, representing each one share. Two were for stock of the New York, Lake Erie & Western Railroad, and three of the Missouri, Kansas & Texas Railroad. These certificates were cleverly altered to represent one hundred shares each. On June 12 Palmer's counsel waived an examination, and in default of \$20,000 bail he was committed to jail. While the papers were being made out the prisoner was taken to a cell, but when an officer was sent to summon him he was found insensible, and in fifteen minutes died, under circumstances that point strongly to suicide by poison. The case causes a sensation in the higher circles of society, where he was widely known. Mr. Clark has entered suit against Andrews, Peters & Co., for \$60,000 damages.

SILVER IMPORTS INTO INDIA.—The Indian fiscal year ends March 31. The following is an official statement for three years of the net Indian imports of silver:

<i>Silver—India.</i>	—12 Months ending March 31.—		
	1884.	1885	1886.
Total imports silver.....	£7,408,506	£9,110,025	£12,385,259
Total exports silver.....	1,003,355	1,804,394	779,631
Net imports 12 months.....	£6,405,151	£7,245,631	£11,605,628

In this statement rupees are reduced to pounds, at the old rate of ten rupees to the pound, or at just about the coining rate of silver at the American Mint. A statement of the actual present gold value of silver would cut down the net Indian import of that metal last year by fully one-fifth. So far there has been no rise in rupee prices in India, and nobody there apprehends that there will be a rise within any near future.

A BRANCH of the Union Bank of Lower Canada has just been opened for business at Lethbridge, Alberta.

MONTREAL is to have another bank, it seems. A charter has been granted to the Continental Bank, and it will in a few months commence operations. By the charter the bank is required to have \$100,000 of its capital (\$500,000) paid up before commencing business. The *Star* understands that the capitalists at the head of the project are two Montrealers and a rich New Yorker. Premises have already been leased on St. James street.

THE Nova Scotia Sugar Refinery, which originally cost nearly \$500,000, with all the plant and materials on hand, has been purchased from the Merchants' Bank of Halifax, for \$250,000, by local capitalists, and will be immediately reopened. The bank is to receive \$50,000 cash, and allow the \$200,000 to remain at 4 per cent. interest for five years. The value of the materials on hand is \$38,000, so that the net cost of the refinery will only be \$212,000. The capital of the new company will be \$350,000, which, after paying the instalment to the bank, will leave \$100,000 for working capital.

EASTERN TOWNSHIPS BANK.—The annual shareholders' meeting of this bank was held in Sherbrooke, Province of Quebec, on the 2d of June. A dividend for six months of $3\frac{1}{2}$ per cent. was announced, and the balance of profit carried forward was reported to be \$8,000 in excess of last year. The paid-in capital is \$1,449,488. The President, R. W. Heneker, Esq., referred to the difficulties in obtaining remunerative rates upon safe loans, and to the fact that the bank had been obliged to reduce the interest allowed upon deposits. He, however, said that the manufacturing interests of Sherbrooke and the mining interests of the country had been "fairly prosperous." The death, during the year, of Thomas S. Morey, lately one of the directors, was suitably noticed.

OBITUARY.

HARRY DODGE, a member of the banking firm of Clark, Dodge & Co., corner of Wall and William streets, died yesterday afternoon at his residence, 62 Sydney place, Brooklyn, after an illness of several weeks. Mr. Dodge was a member of the Stock Exchange, and was well known in the street and in down-town circles generally. He was forty-two years of age, and entered the firm of which he was a member as a clerk, but by characteristic energy and perseverance rose to the position of partner. Mr. Dodge was a widower, his wife having died some time since. He leaves one grown-up son. No arrangements have as yet been made for the funeral. Though the sad announcement of Mr. Dodge's death was received in Wall street very late in the afternoon, quite a number of brokers and others knew of its occurrence, and general expressions of deep regret were heard at the loss of one just in the prime of life and respected by all who knew him.

ALVAN SIMONDS, Cashier of Mechanics' National Bank, aged 78 years, 5 months, 19 days, died at his residence in South Boston, Mass., of pneumonia. Mr. Simonds was elected Cashier of the Mechanics' Bank at the time of its organization, May 19th, 1836, so that at the date of his death he had served continuously in this capacity for a period of fifty years and ten days, a case worthy of note, and we believe, without a parallel in the country. Alvan Simonds was born in Fitchburg, Mass., December 10th, 1807, and removed to Boston in February, 1824, occupying for a time a position of trust in the South Boston Glass Works, and afterwards engaging in the dry goods trade. At the organization of Mechanics' Bank he was elected its Cashier, and performed continuously all the duties of this office until a week before his death. Mr. Simonds was a man of shrewd business ability, a keen judge of men, sound judgment, unquestionable integrity and strict fidelity. During his long life he held many positions of trust and honor, having served as a member of the Legislature of Massachusetts, a member of the Common Council of the city of Boston, a member of the School Committee for fifteen years, and of the Primary School Board for twenty-one years, served as Presidential Elector in 1872, and was a Deacon of Phillips Congregational Church for nearly forty years, besides which he was closely identified with many different benevolent and religious enterprises. He enjoyed the respect, confidence and esteem of the community in which he lived for so many years, and his death leaves a vacancy not easily filled. He was buried at Fitchburg, Mass., the place of his nativity, Wednesday, June 2d.

NEW BANKS. BANKERS. AND SAVINGS BANKS.

(Monthly List, continued from June No., page 951.)

<i>State.</i>	<i>Place and Capital.</i>	<i>Bank or Banker.</i>	<i>Cashier and N. Y. Correspondent.</i>
CAL....	Daggett	Merchants & Miners' B'k. A. H. Raynolds, <i>Cas.</i>	First National Bank.
" ..	Pomona.....	First National Bank..... \$ 50,000 C. Seaver, <i>Pr.</i>	Chase National Bank. Stoddard Jess. <i>Cas.</i>
" ..	Santa Ana.....	First National Bank..... \$ 50,000 Wm. H. Spurgeon, <i>Pr.</i>	..... Miles M. Crookshank, <i>Cas.</i>
COL....	Buena Vista ...	Bank of Buena Vista..... \$ 20,000 J. B. Kilgore, <i>Pr.</i>	National Bank of Republic. R. W. Hockaday, <i>Cas.</i>
" ..	Yuma.....	Bank of Yuma..... Harrison Bostwick, <i>Pr.</i>	American Exchange Nat'l Bank. John E. Yerkes, <i>Cas.</i>
DAK....	Britton	Job Voak & Co.....	Hanover National Bank.
" ..	Doland	First National Bank..... \$ 50,000 O. W. Barlow, <i>Pr.</i>	..... S. E. Morris, <i>Cas.</i>
" ..	Grand Rapids..	La Moure Co. Bank..... \$ 5,000 Wm. E. Hadley, <i>Pr.</i>	National Citizens' Bank. H. J. Biddenback, <i>Cas.</i>
" ..	Onida	Sully Co. Bank..... \$ 20,000 Frank Drew, <i>Pr.</i>	..... C. R. Drew, <i>Cas.</i>
" ..	Page	B'k of Page, (Louis B. Hanna).	Seaboard National Bank.
" ..	Wheatland.....	Bank of Wheatland..... \$ 20,000 Geo. Brandenburg, <i>Pr.</i>	Chase National Bank. Loren C. Carver, <i>Cas.</i>
GA....	Augusta	Fleming, Thomas & Co..	Fourth National Bank.
IDAHO..	Weiser ...	B'k of Weiser. (Benj. Wm. Watlington).	.....
IOWA..	Mitchellville..	Mitchellville Savings B'k.. \$ 10,000 Thomas Mitchell, <i>Pr.</i>	..... Jas. K. Moller, <i>Cas.</i>
KANSAS.	Altoona	B'k of Altoona. (Lawrence Morey & Co.).	Chase Nat. B'k.
" ..	Attica	Attica State Bank..... \$ 25,000 A. C. Jobes, <i>Pr.</i>	Richard H. Allen & Co. C. E. Denton, <i>Cas.</i>
" ..	Clifton	Clifton State Bank..... \$ 50,000 W. P. Rice, <i>Pr.</i>	National Bank of Republic. W. O. Henderson, <i>Cas.</i>
" ..	Clyde.....	State Bank of Clyde..... \$ 50,000 E. S. Marsh, <i>Pr.</i>	..... C. R. Piper, <i>Cas.</i>
" ..	Latham	Citizens' Bank..... \$ 16,000 Wm. C. Robinson, <i>Pr.</i>	Kountze Bros. Wm. R. Skelton, <i>Cas.</i>
" ..	McPherson.....	First National Bank..... \$ 50,000 Wm. J. Bell, <i>Pr.</i>	American Exchange Nat'l Bank. Amos E. Wilson, <i>Cas.</i>
" ..	Millbrook... ..	Farmers & Merchants' Bk. \$ 10,000 J. C. Sturtevant, <i>Pr.</i>	Chase National Bank. Herbert W. Robinson, <i>Cas.</i>
" ..	Palmer	Bissell & Keiser.....	Fourth National Bank.
" ..	Stafford	Farmers' Bank..... \$ 35,000 Joseph D. Larabee, <i>Pr.</i>	Bank of North America. Fred D. Larabee, <i>Cas.</i>
MICH..	Iron Mountain.	Merchants & Miners' B'k.. (John S. Edwards.)	.....
MONT..	Great Falls....	First National Bank..... \$ 50,000 Chas. A. Broadwater, <i>Pr.</i>	Fourth National Bank. Louis G. Phelps, <i>Cas.</i>
NEB....	Albion	Albion State Bank..... \$ 50,000 F. B. Tiffany, <i>Pr.</i>	Importers & Traders' Nat. Bank. F. S. Thompson, <i>Cas.</i>
" ..	Broken Bow....	Central Nebraska Bkg. Co. \$ 50,000 O. J. Collman, <i>Pr.</i>	Hanover National Bank. John H. Inman, <i>Cas.</i>
" ..	Elm Creek.....	Elm Creek Banking Co.. \$ 25,000 John J. Bartlett, <i>Pr.</i>	Gilman, Son & Co. R. A. Lumley, <i>Cas.</i>
" ..	Hebron	Thayer Co. Bank..... \$ 50,000 H. C. Bigelow, <i>Pr.</i>	Chemical National Bank. W. D. Galbraith, <i>Cas.</i>
" ..	Jackson.....	Bank of Dakota Co..... E. E. Halstead, <i>Pr.</i>	Gilman, Son & Co. Edward T. Kearney, <i>Cas.</i>
" ..	Louisville.....	Louisville Bank..... Frank Stander, <i>Pr.</i>	..... James Stander, <i>Cas.</i>
" ..	Omaha	Union National Bank..... \$ 100,000 Wm. W. Marsh, <i>Pr.</i>	..... John W. Rodefer, <i>Cas.</i>

<i>State.</i>	<i>Place and Capital</i>	<i>Bank or Banker.</i>	<i>Cashier and N. Y. Correspondent.</i>
NEB....	Plum Creek....	Neb. Farm, Loan & Mortg. Co. \$20,000 John S. Strickey, <i>Pr.</i>	George B. Darr, <i>Cas.</i>
" ..	Ravenna.....	Farmers' B'k..... (P. O. Beaver Creek)....	F. H. Davis, <i>Pr.</i> C. E. Davis, <i>Cas.</i>
" ..	Red Cloud.....	Farm. & Merch. Bkg. Co. Silas Garber, <i>Pr.</i>	W. S. Garber, <i>Cas.</i> Kountze Bros.
" ..	Sidney.....	Merch. B. (E. M. Mancourt & Co.).	Nat. Shoe & Leather B'k.
" ..	Wayne.....	Citizens' Bank..... \$55,000 A. L. Tucker, <i>Pr.</i>	Wm. J. McDonald, <i>Cas.</i> First National Bank.
" ..	Weeping Water	First National Bank..... \$50,000 Cyrus N. Baird, <i>Pr.</i>	John Henderson, <i>Cas.</i>
" ..	Weston.....	Weston Bank..... R. A. Heaton, <i>Pr.</i>	F. R. Clark, <i>Cas.</i> Kountze Bros.
N. Y....	Bath.....	S. D. Aulls.....	Columbia Bank.
" ..	Brocton.....	Dean & Hall.....	Merchants' Exchange Nat'l Bank.
OHIO..	Leetonia.....	First National Bank.....	Importers & Traders' Nat'l Bank.
" ..	West Liberty	West Liberty Banking Co. (W. Z. Nickerson & Co.)	Wm. Schmick, <i>Pr.</i> W. G. Hendricks, <i>Cas.</i> Importers & Traders' Nat'l Bank.
PA.....	Philadelphia..	City Tr. Safe Dep. & Sec. Co. \$250,000 Chas. M. Swain, <i>Pr.</i>	James F. Lynd, <i>Sec. & Treas.</i>
" ..	Tarentum.....	Tarentum Banking Co.. Emanuel Wertheimer, <i>Pr.</i>	National Shoe & Leather Bank. Harry H. Kennedy, <i>Cas.</i>
S. C....	Rock Hill.....	Savings B'k of Rock Hill. \$12,540 D. Hutchison, <i>Pr.</i>	J. M. Cherry, <i>Cas.</i> National Park Bank.
TEX....	Houston.....	Commercial National B'k. \$200,000 H. Gardes, <i>Pr.</i>	R. A. Giraud, <i>Cas.</i> American Exchange Nat'l Bank.
CANADA	Lethbridge....	Union B. of Low. Canada. \$2,000,000 J. G. Billett, <i>Act'g Mgr.</i>	National Park Bank.
" ..	St. Johns.....	La Banque du Peuple.... P. Bandouin, <i>Mgr.</i>	National Bank of Republic.

OFFICIAL BULLETIN OF NEW NATIONAL BANKS.

(Continued from June No., page 952.)

<i>No</i>	<i>Name and Place.</i>	<i>President.</i>	<i>Cashier.</i>	<i>Capital.</i>
3515	National Bank of Petersburg.... Petersburg, VA.	B. B. Vaughan,	Carter R. Bishop,	\$100,000
3516	Union National Bank..... Omaha, NEB.	Wm. W. Marsh,	John W. Rodefer,	100,000
3517	Commercial National Bank..... Houston, TEX.	H. Gardes,	R. A. Giraud,	200,000
3518	First National Bank..... Pomona, CAL.	C. Seaver,	Stoddard Jess,	50,000
3519	First National Bank..... Leetonia, OHIO.	Wm. Schmick,	W. G. Hendricks,	60,000
3520	First National Bank..... Santa Ana, CAL.	Wm. H. Spurgeon,	Miles M. Crookshank,	50,000
3521	First National Bank..... McPherson, KAN.	Wm. J. Bell,	Amos E. Wilson,	50,000
3522	First National Bank..... Doland, DAK.	O. W. Barlow,	S. E. Morris,	50,000
3523	First National Bank..... Weeping Water, NEB.	Cyrus N. Baird,	John Henderson,	50,000

H. P. ROY, the defaulting teller of the branch in the Bank of Montreal in Stratford, was arrested at San Francisco on the 26th. The amount alleged to have been stolen is \$6,000. The prisoner has confessed his crime, and says he will return to Canada.

CHANGES OF PRESIDENT AND CASHIER.

(Monthly List, continued from June No., page 953.)

	<i>Bank and place.</i>	<i>Elected.</i>	<i>In place of</i>
ALA....	First National Bank, Montgomery.	W. L. Chambers, <i>Pr</i>	W. O. Baldwin.
		A. M. Baldwin, <i>Cas</i>	W. L. Chambers.
ARK....	Arkansas National Bank, Hot Springs.	John B. Roe, <i>Pr</i>	Wm. J. Little
		Wm. J. Little, <i>V. Pr</i>....	.....
CAL....	Union National Bank, Oakland.	Thomas Prather, <i>Pr</i>	H. A. Palmer.
	First National Bank, Pasadena.	B. F. Ball, <i>V. Pr</i>....	.....
DAK....	First Nat'l Bank, Dell Rapids.	M. R. Kenefick, <i>V. Pr</i>....	.....
	First Nat. Bank, Devil's Lake.	George Juergens, <i>Cas</i>	J. M. Schwartz.
	Aurora Co. Bank, White Lake.	Frank R. Preston, <i>Cas</i> ...	W. S. Sinclair.
FLA....	Palatka National B'k, Palatka.	Benj. A. Deal, <i>Cas</i>	C. Carleton.
IDAHO..	First National Bank, Ketchum.	H. C. Lewis, <i>Cas</i>	Thos. Lavell, <i>Act'g</i> .
		Thos. Lavell, <i>Ass't Cas</i> ..	H. C. Lewis.
IND....	Citizens' Bank, Monticello.	Milton Shirk, <i>Pr</i>	E. H. Shirk.*
	First National Bank, Peru.	Milton Shirk, <i>Pr</i>	E. H. Shirk.*
		E. W. Shirk, <i>V. Pr</i>....	.....
	Tipton County Bank, Tipton.	R. A. Edwards, <i>Cas</i>	Milton Shirk.
		Milton Shirk, <i>Pr</i>	E. H. Shirk.*
IOWA...	Bank of Gladbrook.	C. Ma Holm, <i>Pr</i>	M. M. Crookshank.
		C. A. Blossom, <i>Cas</i>	Ed. Wiebenson.
	City Bank, Mason City.	Mrs. M. A. Emsley, <i>Pr</i> ...	T. G. Emsley.*
	Security Nat. B'k, Sioux City.	H. M. Bailey, <i>Ass't Cas</i> ..	E. P. Stone.
KAN....	First National Bank, Clyde.	W. P. Rice, <i>Pr</i>	E. E. Parker.
		W. F. Cowell, <i>Cas</i>	W. P. Rice.
		A. E. Morris, <i>Ass't Cas</i> ..	W. F. Cowell.
MASS..	Mechanics' Nat'l B'k, Boston.	C. O. L. Dillaway, <i>Cas</i> ..	Alvan Simonds.*
	State National Bank, Boston.	G. B. Warren, <i>Cas</i>	C. B. Patten.*
	Traders' National Bank, Boston.	Fred. S. Davis <i>Pr</i>	Edward Sands.
		Atkins N. Cooke, <i>Cas</i>	Fred. S. Davis.
	Second Nat'l Bank, Haverhill.	C. H. Goodwin, <i>Cas</i>	Geo. A. Hall.
	Malden Savings Bank, Malden.	Frank A. Shove, <i>Treas</i> ..	Chas. Merrill.
	National Granite B'k, Quincy.	T. King, <i>Pr</i>	C. Marsh.
	Hampden Nat'l B'k, Westfield.	L. R. Norton, <i>Pr</i>	Reuben Noble.
MICH..	City National Bank, Lansing.	E. F. Cooley, <i>V. Pr</i>....	.....
		Ed. F. Woodcock, <i>A't C</i>..	.....
	Citizens National Bank, Niles.	Geo. H. Richards, Jr., <i>C. Ed.</i>	F. Woodcock.
MINN...	First National Bank, Rochester.	F. E. Gooding, <i>Ass't Cas</i>..	.....
NEB....	First National Bank, Holdrege.	James N. Clarke, <i>A't C</i>..	.....
	First National Bank, Nelson.	M. L. Fogel, <i>V. Pr</i>....	.....
	First Nat'l Bank, North Platte.	A. D. Buckworth, <i>V. Pr</i>..	.....
N. J....	German Nat'l Bank, Newark.	Geo. B. Swain, <i>V. Pr</i>....	.....
N. Y....	Riverhead Sav. Bk., Riverhead.	A. B. Luce, <i>Act'g Pr</i>	R. H. Benjamin.*
	Sag Harbor Sav. B'k, S. Harbor.	David P. Vail, <i>Treas</i> ..	R. H. Harris.
	Manufacturers' Nat. Bk., Troy.	C. R. Stone, <i>V. Pr</i>	H. Morrison.
OHIO...	Farmers' Bank, Ashland.	E. J. Grosscup, <i>Pr</i>	R. D. Freer.*
	Noble Co. Nat'l B'k, Caldwell.	Will A. Frazier, <i>Cas</i>	W. A. Frazier, <i>Act</i> .
	Third Nat'l Bank, Cincinnati.	I. D. Parker, <i>V. Pr</i>....	.....
	First National Bank, Leetonia.	C. N. Schmick, <i>V. Pr</i>....	.....
	Quacker City National Bank, Quacker City.	John R. Hall, <i>Pr</i>	Isaac W. Hall.*
		I. P. Steele, <i>Cas</i>	John R. Hall.
PA.....	Delaware Co. National Bank, Chester.	J. H. Roop, <i>Pr</i>	E. Tyson.
		B. I. Hall, <i>Cas</i>	J. H. Roop.
	Fourth Nat'l Bank, Pittsburgh.	James M. Bailey, <i>Pr</i>	Thomas Donnelly.*
	Citizens' National B'k, Warren.	D. L. Gerould, <i>Ass't Cas</i> ..	M. Pandee.

* Deceased

	<i>Bank and Place.</i>	<i>Elected.</i>	<i>In place of</i>
TEX....	First Nat'l Bank, Corsicana....	J. Huey, <i>V. Pr.</i>.....	.....
"	City National Bank, Dallas....	L. R. Bergeron, <i>Ass't C.</i>	J. F. O'Connor.
"	Hill County Nat. B., Hillsboro.	I. C. Phillips, <i>Ass't Cas.</i>	.....
"	First Nat. Bank, San Marcos.	E. L. Thomas, <i>Cas.</i>	G. F. Kerr.
VA....	Roanoke Nat. Bank, Roanoke.	Van Taliafarro, <i>Cas.</i>	J. C. Wood.
"	Union Bank, Winchester.....	M. H. G. Willis, <i>Cas.</i>	R. B. Holliday.
WIS....	First National Bank, Fox Lake.	J. F. Tuttle, Jr., <i>Act'g C.</i>	Wm. J. Dexter.
"	First National Bank, Lake Geneva.	Alvan E. Tyler, <i>Pr.</i>	F. Leland.
		Josiah Barfield, <i>Cas.</i>	J. A. Kennedy.
		C. F. Case, <i>Ass't Cas.</i>.....	.....
CAN....	Bank of Montreal, Brantford...	D. Glass, <i>Mgr.</i>	W. L. Creighton.
"	Bank of Montreal, Kingston...	W. L. Creighton, <i>Mgr.</i>	R. M. Moore.
"	Canadian B'k of Commerce, Montreal.	Robert Gill, <i>Mgr.</i>	W. Simpson.*

* Deceased.

CHANGES, DISSOLUTIONS, ETC.

(Monthly List, continued from June No., page 954.)

COL....	Buena Vista ...	Lincoln, Hockaday & Co. ; suc. by Bank of Buena Vista.
DAK....	Dell Rapids...	People's Bank ; succeeded by First National Bank.
ILL....	Peoria.....	Merchants' National Bank to resume business.
IND....	Westville	E. S. Smith ; succeeded by Smith & Reynolds.
IOWA....	Calmar.....	John Scott ; succeeded by Scott & Starring.
"	Mitchellville...	Mitchellville Bank ; succeeded by Mitchellville Savings Bank.
"	Muscatine.....	Merchants' Exch. National Bank ; now First National Bank.
KAN....	Clyde.....	Bank of Clyde ; succeeded by State Bank of Clyde.
"	Colby	Thomas Co. Bank ; succeeded by First National Bank.
"	Glen Elder.....	Bank of Glen Elder ; sold out to Citizens' Bank.
"	Howard	Elk Co. Bank ; succeeded by Elk Co. State Bank August 1.
"	McPherson.....	Citizens' Bank ; succeeded by First National Bank.
"	Oberlin	Decatur Co. Bank ; succeeded by First National Bank.
"	Stockton	T. E. Baldwin & Co. ; now Baldwin, Callender & Co.
"	Troy	Roder Bros. ; succeeded by Bank of Troy.
MD....	Baltimore.....	Peters, Pell & Andrews ; succeeded by Andrews, Peters & Co.
MASS....	Boston	Dillaway & Stearns ; succeeded by H. G. Dillaway & Co.
MICH....	Cadillac.....	J. H. Hixson, assigned to Isaac Murphy.
"	Iron Mountain.	C. L. Anderson ; suc. by Merch. & Miners' B'k (J. S. Edwards).
"	Lansing.....	Longyear's Bank ; succeeded by City National Bank.
NEB....	Bradshaw.....	James A. Brown & Co., closed out.
"	Hebron	Exchange Bank Co. ; succeeded by Thayer Co. Bank.
"	Shelton	Shelton Bank (Robins & Graves) ; now S. H. Graves, prop.
"	Wayne.....	Citizens' Bank (R. B. Taylor) ; bought out by Tucker & McDonald.
N. MEX.	Kingston	The Percha Bank Incorporated.
OHIO....	Leetonia.....	Wm. Schmick & Sons ; succeeded by First National Bank.
PENN....	Chambersburg..	Chambersburg Deposit Bank ; now Orr, Camp & Co., props.
TEX....	San Antonio...	Workman's Bank & Safe Deposit Co. ; now Maverick Bank & Safe Deposit.

THE Brantford papers chronicle the departure of Mr. W. L. Creighton, for some time past the manager of the Bank of Montreal there, and who has been promoted to the Kingston branch. Mr. Creighton was presented, before leaving, with a valuable watch, etc., and an address, conveying flattering expressions of esteem, from his friends and customers.

NOTES ON THE MONEY MARKET.

A FINANCIAL AND COMMERCIAL REVIEW.

The month of June has been as unseasonable for the first month of summer as the month of May was for the last of spring. Indeed, this business year seems to be no more out of joint than have been its seasons. Winter not only lingered into the lap of spring, but refused to get out of the way of summer. As a consequence, the whole business of the country is belated, or injured, from the crops to the railroads that carry, and the producers of manufactured goods that consume them, and depend on them in time to make a market for their goods in the agricultural sections. It really does seem as if this business year had been the victim of all the adverse fates except bad crops. These, fortunately, are good, though belated, so far as their present prospects indicate. But, between the backward season, cold weather, low prices, and poor spring trade, on the one hand, and strikes all over the country, from end to end, on the other, it is more a matter of wonder that business has been no worse, rather than that it has been so bad. This fact makes the real situation much better than it has appeared, for business must have been upon an unusually sound and legitimate basis to have stood all these unfavorable influences and felt them so slightly. The tariff agitation in Congress has also kept the industrial interests of the country in a state of suspense which has confined their plans and operations to the immediate future. Producers would not accumulate stocks or run their works beyond their orders. On the other hand, consumers and dealers would not order anything they could get on without, so long as there was a possibility of a reduction in the tariff, which would, of course, make goods that much cheaper. Hence, like a two-edged sword, that vexed question has cut both ways and all ways. This state of the agricultural, commercial, and manufacturing interests has reacted unfavorably upon the railroads, whose carrying trade, both east and west bound, has been materially curtailed by these conditions. Their earnings have been kept down, and the stock market thereby handicapped, and dividends to investors continued on the late scale of depression, or unrenewed. This, with so many other interests and people idle on account of the strikes, has made the retail trade of the whole country unusually small, which, with the above conditions, is ample to account for the poor jobbing and wholesale trade of the country. With the settlement, or rather postponement, of the tariff dispute for this session of Congress, and the improvement already seen in the industrial interests, it does look as if we had at last nearly run the gauntlet of unfavorable trade influence, although the weather for the crops and the harvest of winter wheat has not been what could be desired, while the railroad strikes have broken out anew. The weather was not absolutely nor universally bad, however, and is likely to improve, while the latter, though renewed when supposed to have been settled, have now become semi-chronic, and, like a disease, the country's system is becoming adapted to them, and no such serious consequences are likely to come from them as at first, for the country will not lose its head and get scared as it did in the spring. Business ought, therefore, with no general railroad troubles and no further injury to the crops, either from too much wet and cold weather, or

drought, to be good, during the remaining summer months, for the season of the year, and to get into shape for an active fall trade on an improving scale of prices. That we have turned the corner of the hard times and are already on the mend, is shown by the vitality of our commercial circulation during these unexpected set-backs to our recovery from the disease of over-production or under-consumption. As to the renewal of the labor troubles, both sides have learned moderation in the late struggles, in which neither capital nor labor have won anything but undecisive or temporary victories. Their battles have been drawn. But this fact has shown each side their opponent's strength, and that neither are the masters of the situation, as they have seemed to suppose. Each has learned its utter dependence upon the other, and with the recognition of their equal dependence and strength will come in due time the natural sequence, the recognition of equal rights and mutual interests. Already a spirit of conciliation, friendship and confidence is being developed on the part, even, of the combatants. The great middle classes, or the public, who are ground between these upper and nether mill-stones of the business world, have taken the position of umpires or mediators between these two great forces of society who have been falsely brought into hostility to each other, to their mutual injury. This business public is determined to see fair play between its two allies and friends, as the interests of all three are so bound together that neither can suffer without each shares its third of the pain. Never has the labor question attracted so deep and so widespread interest among all classes. Never have our industrial and transportation problems, which are bound together in these strikes, been so carefully studied with a view of getting at the facts in both cases, and determining the right and the wrong of the dispute and the cause of all this discontent and agitation, which came of suffering in one form or other, accompanied by deprivation of man's natural rights. Whatever injustice, therefore, shall be found, no matter where, or by whom practised, or who is benefited thereby, it will be removed, just so fast as public opinion is educated up to the truth. This is now the way in which the settlement of these labor troubles is coming. The crisis in the manner of their adjustment is over. The danger of anarchy, resulting from occasional outbreaks of violence among the wild and un-American agitators of the labor problem is over. Peaceful methods, public discussion, the pressure of public opinion upon the press, and the organizations and combinations of labor and capital will only be used, and the great resort of an American, the ballot instead of the bullet. The politician and the statesman, the office-holder and the law-maker, as well as the executive and judiciary, can each be reached with that all-powerful weapon. If any or all of them have been corrupted or perverted, or controlled in the interest of capital against labor, as is charged, they can each and all be brought to the ballot box instead of the jury box, and there tried, and acquitted or condemned. The man with a ballot in his hand is both the judge and jury, as well as the law, in this freeman's last court of appeal. Last, because it is all powerful, and makes the resort of the bond-man, to arms, wholly useless. These facts are now recognized by both sides and by all American citizens who have taken this question out of the hands of the alien agitators who undertook to settle it upon the European and monarchical basis of a resort to revolution. As this danger is now assayed, those who endeavor to revive the late scare by inviting anarchy

on the one hand, and calling for organized brute force, on the other, in the shape of the militia, police, or the courts to put down lawful organizations of labor because some of their members step over their rules and the laws at the same time and break the peace, are equally as dangerous agitators and as revolutionary as were the rioters themselves. The latter are the anarchists and enemies of capital, known as monopolists and their clans, while the former are the anarchists and enemies of labor, and known as socialists and their followers. No honest citizen should therefore give heed to either, as both are equally their enemies, as well as of the business interests of the country, which are now in no danger, except of temporary loss and annoyance from the adjustment of the differences between capital and labor.

This much assured, there is nothing now but bad crops, which fortunately cannot now be general, to deter capital from seeking investment in any of our products, which are too low to remain, nor in any of our industries; which are safe from violence, idleness, and are good investments, both to employ principal and to earn interest. The fact that railroad stocks have advanced or remained steady during nearly a week of these last railroad strikes, instead of becoming almost panicky, as they did on the first, is proof conclusive that the above safe view of these labor troubles is the one taken by the great railroad managers whose stocks are most affected by the strikes. Bear speculators will no doubt use them to depress prices of the speculative stocks and staples. But those who have idle money now seem inclined to buy instead of sell on the breaks caused by these attempts to scare out holders. This also proves that the views taken above are shared by the investing public as well as the railroad managers, and as well as by the great speculators of the stock market.

This space is given to this question, as it is the all-important one now to the entire business interests of the country, which are on the up grade once more, and should not be allowed to be cut loose from the engine of confidence and sent down grade again, or to be side-tracked by the speculative strikers, who may try to pull out a coupling pin here and there, or throw a switch before or under the coming train of prosperity. With these facts in mind, and our other, that the course of all the markets, as well as their present position, depends upon them, we may be able to judge of the former by understanding the latter.

The stock market for the past month has been a bull one in face of the expectation of a bear one a month ago, although the movement of freight has been light, and rates have not been maintained west of Chicago; for, withal, the earnings have been better than expected, and better than a year ago, while the prospects of the crops are no worse as the drought of a month ago has been broken, and the season far enough advanced to make fairly secure, most of the crops.

The last days of June witnessed a halt in the upward movement in prices that was experienced during the month, under the lead of the Granger stocks, bought so freely by Chicago parties in the management, notwithstanding the war between them and the pushing of parallel lines into each other's territory, by which the business of nearly, if not all of them, is hereafter to be cut in two and divided up, as that of the trunk lines has already been. The same policy west of Chicago seems now to have been adopted that has so nearly ruined the trunk lines east of it. During all these years of parallel

east of that point and west of the Missouri River, these Chicago roads running through the richest local territory in the United States have been exempt from the rule or ruin policy that has seriously crippled nearly every great system of road in the country. While these roads joined in the fight of their eastern and western connections between the Atlantic and Pacific seaboard for the through traffic, they had an immense and never-failing local traffic to fall back upon, of which each has hitherto held a monopoly in what has been exclusively its own territory. Now this is all being changed, and the territory of each has been, or is being, invaded by one or more of its rivals, whose extended new lines must divide up this business on which the large dividends of these Granger roads have been maintained through depressions which have placed many of the roads of the country on the non-dividend list. When this business comes to be cut in two or three parts, and rates are reduced in the fight to secure each its half or third of the business, it will be impossible to keep up the present dividends, and these hitherto double gilt-edged dividend stocks must inevitably fall to a second class security, if not less. Yet they remain the highest on the list of the Stock Exchange, with the exception of some specialties which still enjoy an exclusive monopoly of some locality. The fact that these Grangers are made the leaders of the market at the very time that these extensions are being so vigorously pushed by nearly all these roads, and that the Chicago managers of these roads are the chief manipulators of this advance, might seem to indicate that insiders are encouraging the present bull movement in order to unload on the public before these extensions are completed and their effect is seen in their reduced earnings. This appears to be the key to the stock market, with the trunk lines a good second for selling by insiders, who loaded up on the West Shore settlement a year ago and did not get out before Vanderbilt's death, and the coal stocks an equally good third for those cliques to sell on every bulge in the Grangers. It is apparent, therefore, why the Chicago bulls control the stock market and are encouraged by the New York pools.

The money market has shown little change of significance, though on a few occasions the rate has been temporarily run up for a day. The reserve has been falling, of late, somewhat with the renewal of free gold shipments to pay for our railway securities which Europe has steadily been selling on the advance in stocks. This has turned the foreign exchange market against us, in spite of better exports for May and June than for any months this year, and larger than a year ago, both in volume and value, even at much lower prices. Further gold exports are expected, unless the European markets check this steady stream of our securities this way, or the new crops of wheat and cotton shall move freely and early enough to counteract this current. The demand for railroad bonds for investment on this side of the water has been a more noticeable feature than the advance in stocks, and it looks as if the money that had been taken out of stocks had been reinvested in bonds, either by the railroad managers themselves, who have been trying to make a market for their stocks as shown above, or by the public, who have sold the bulls more stocks than they have bought from them. At all events the demand has been a genuine one, and steady as well as general and of large volume. Had it been for European account, it would have shown apparently, in offsetting the sales of stocks by Europe in the exchange market, and prevented renewed gold exportations.

The financial situation is, therefore, mixed, and not altogether favorable, though by no means bad, as money is likely to continue easy until fall, at least, and the cliques in stocks will have till then to work off their loads and reduce their loans to the banks, by which these stock pools are able to carry their load without inconvenience. The commercial situation is healthy, because everybody has been doing a hand-to-mouth business, for the reasons shown in the beginning of this article. Stocks are light in second hands everywhere, and in all lines of goods, while they are not large in first hands, for the reason that manufacturers would not accumulate stocks while the tariff was liable to be reduced. If, therefore, the speculative vultures that are hovering over the idle armies of capital and labor, do not succeed by their screeching in scaring capital out of investment and industry again, and destroy returning confidence in values and in demand, there will be a steady improvement in the whole business situation, even during the summer months, which will ripen into a good harvest next autumn. The industrial situation is already showing new signs of life since the abatement of the late railroad strikes and the defeat of the Morrison bill. The iron industries report a marked increase in demand for railroad supplies and equipment, which will help out the coal trade, which is, as usual, stagnant at this season. The depression in the cotton manufacturing interests seems to have passed away, and the raw material, though plentiful, with the prospect of another large crop, is moving quite freely, and has doubtless seen the bottom, or near it, which will without doubt be reached between this and next crop, that is already largely discounted as a maximum crop. The same has been done in wheat. Meantime, dry weather in May and cold, wet weather in June, both east of the Rocky Mountains and throughout Europe, have reduced the condition of the wheat crop on both sides the Atlantic to below an average. The acreage was already reduced below an average in both hemispheres, as well as in India and other exporting countries, while stocks throughout the world are less than in three years. In other words, the world's consumption has at last nearly overtaken three years of over-production, which has now culminated in the lowest prices within the memory of living men. The wave of reaction is certain to set in soon, and probably with the new crop, though the expectation is that the first movement will be heavy and a lower level reached first. This is doubtful. This reaction has already come in provisions, the demand for which, and confidence in, has advanced prices $\frac{3}{8}$ c. per lb. from the bottom. The corn market still drags and hangs fire, because of the terrible condition of this crop, which has made it almost impossible to ship it to Europe in a sound state. So damp was it when gathered last fall that even with the cold weather of May and June, nearly all that arrived in fair condition at the seaboard the past month has been "parted," while the shipments of March, April and May arrived on the other side in horrible shape, resulting in reclamations on our shippers for \$10,000 to \$15,000 damages per steamer cargoes of 75,000 to 90,000 bushels. So heavy have these losses been that it has paralyzed the trade, no one daring to hold corn over night, much less ship it. Hence, the exports for June almost ceased. The cold, wet weather of that month has caused some fear of the new crop, but no damage has yet been done. Still we must have better corn weather than yet to make a crop. Oats have been affected by the drought in May in the north-west, as well as spring wheat, yet the prospects of a good crop, though less than



last year, remain. The wet weather in the south-west has delayed the winter wheat harvest and will set back the movement one to two weeks, even should it cause no injury to the quality by rust or sprouting. The petroleum market has had a period of depression consequent upon large developments in a new field that have increased the production materially, and sent prices down to the minimum level since the panic of 1884, and within 15 points of the Cherry Creek panic. But this market is so under the influence of Standard Oil and Wall Street manipulation that prices depend more upon the interests of large operators than upon the statistical position of the market. The dry-goods trade, wholesale and retail, have had a blue month. The former could not recover the loss of spring trade from the strikes of March and April, while the latter could not sell summer goods while people were shivering around in winter wraps under umbrellas during the greater part of June. All told, the commercial situation did not improve in June. But industrial affairs did, while financial matters remained about *statu quo*, and agricultural prospects, though still fair, have declined.

The reports of the New York Clearing-house returns compare as follows:

1886.	Loans.	Specie.	Legal Tenders.	Deposits.	Circulation.	Surplus.
June 5...	\$ 342,824,000	\$ 67,439,000	\$ 35,724,900	\$ 364,383,700	\$ 7,822,200	\$ 12,067,975
" 12...	343,609,100	66,512,600	40,021,200	367,523,300	7,837,100	14,652,975
" 19...	347,413,900	66,581,500	42,057,100	371,708,700	7,846,400	15,711,425
" 26...	351,086,500	65,013,400	43,297,900	375,828,100	7,823,400	14,354,275

The Boston bank statement is as follows:

1886.	Loans.	Specie.	Legal Tenders.	Deposits.	Circulation.
May 29.....	\$ 151,136,300	\$ 10,375,700	\$ 3,723,900	\$ 112,458,700	\$ 18,236,500
June 5.....	152,098,200	10,264,200	3,404,300	113,008,400	17,412,800
" 12.....	151,420,900	10,236,500	3,218,500	114,423,200	17,267,700
" 19.....	152,574,700	10,053,900	3,219,300	113,610,800	17,272,800
" 26.....	151,545,500	10,122,400	3,170,700	112,632,900	17,012,900

The Clearing-house exhibit of the Philadelphia banks is as annexed:

1886.	Loans.	Reserves.	Deposits.	Circulation.
June 5.....	\$ 84,890,100	\$ 24,325,500	\$ 83,796,600	\$ 5,986,500
" 12.....	84,846,600	24,716,100	84,363,200	5,967,500
" 19.....	84,948,200	24,796,300	84,714,800	6,013,000
" 26.....	84,742,800	24,799,000	84,785,300	5,856,666

DEATHS.

BROTHERTON.—On June 2, aged sixty-nine years, S. G. BROTHERTON, of the firm Benson & Brotherton, Waterford, Pa.

EMSLEY.—On June 7, aged forty-two years, T. G. EMSLEY, President of the City Bank, Mason City, Iowa.

HALL.—On May 29, aged seventy-six years, ISAAC W. HALL, President of the Quaker City National Bank, Quaker City, Ohio.

MOORE.—On June 16, aged seventy-seven years, B. F. MOORE, Vice-President of the First National Bank, Lapeer, Mich.

MORSE.—On June 19, aged thirty-three years, AMOS E. MORSE, Cashier of the First National Bank, Stevens Point, Wis.

SIMPSON.—On May 22, W. SIMPSON, Manager of the Canadian Bank of Commerce, Montreal, Quebec.

TERRY.—On May 18, aged seventy-nine years, JOHN P. TERRY, President of the First National Bank, Portsmouth, Ohio.

WELLS.—On June 14, aged fifty-five years, ARTHUR WELLS, Assistant Cashier of the Western National Bank, Philadelphia, Pa.

WOODMAN.—On June 13, aged seventy-one years, THEO. C. WOODMAN, ex-President of the Bucksport National Bank, Bucksport, Me.

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THE TREASURY SITUATION.

The excess of revenue over expenditure, exclusive of the sinking fund payment, during the fiscal year ending June 30, 1885, was \$63,563,761. During the fiscal year ending June 30, 1886, it was \$92,763,337, of which only about one-half was needed for the requirements of the sinking fund. Bond calls for \$50,000,000 were issued and matured during the year, which was rather more than the sinking fund absolutely required, but of course some of the bonds called were not actually presented for payment before the year expired. It must always be remembered that while the sinking fund laws prescribe a minimum below which payments must not fall, they prescribe no maximum beyond which they may not go. If there is more surplus than the sinking fund requires, the laws authorize, and have always authorized the Treasury to apply the excess to the public debt.

Comparing the revenues and expenditures of the fiscal year just closed with those of the preceding year, there was a decrease of expenditure of \$16,745,992, notwithstanding an increase of \$8,600,186 in the pension payments. The customs revenue increased \$11,275,882, and the internal revenue \$4,535,798, while there was a falling off in the miscellaneous receipts of \$3,358,096, so that on the whole revenues increased \$12,453,584.

The increase in the customs revenue was an abnormal circumstance, and will be short lived. The decrease in our exports, which was great, and gives every indication of being permanent, would have caused a corresponding decrease in our imports, if an enormous

amount of goods had not been sent here to be sold without regard to prices received or sacrifices made. But the very fact that foreign goods have been forced upon us in that way, has so gorged our markets as to block and check imports in the future. All sound theory and all experience will be at fault, if our customs revenue does not shrink from the depression of the times. The shrinkage has not come as soon as was expected, but it is not the less certain that it will come, and the longer it is delayed the sharper and more decisive it will be.

For the present fiscal year, it is the most commonly expressed anticipation at Washington that the surplus revenue will not in any event exceed the surplus fund requirement, but will more probably fall below it. This anticipation is based partly upon the idea that the customs revenue cannot remain as large as it is, and partly upon the belief that the pensions payments will certainly be larger than they were last year, and may be enormously larger. There is no indication of diminished expenditure in anything, except a slight falling off in interest payments. Next to pensions and the interest account, the army and navy are the great absorbents of the public money, and those establishments are more likely to be increased than to be diminished.

When Congress adjourns, which may be expected about the time we go to press, the exact condition of the appropriations will be known. At this present writing, it seems probable that the Mexican War Pension bill will become a law in substantially the form given to it by the Senate amendments, in which case, the annual addition to the present pension payments is commonly estimated at \$12,000,000. The law passed some months ago, increasing the pensions of widows and dependent children, will make an annual addition of \$6,000,000, as is now computed at the Pensions Bureau. It is not regarded as possible, that either the bill repealing the limitation of the Arrears' Act, or Senator Blair's Education bill, can become a law during this session. Increases of the Army have been negatived in the Senate, and they never had any prospect of success in the House. Some increase of appropriations for constructing war ships may yet be made. The wild movements to repeal the tobacco and whiskey taxes seem to be pretty effectually squelched, as they deserve to be.

FALL IN INTEREST RATES.

Of the railroad bonds dealt in on the New York Stock Exchange in May, 1870, a city contemporary gives a list of thirty which are still dealt in. Seven per cent. is the rate of interest promised in nearly all these bonds, and, taking them all together, 7 per cent. is the average rate. They are, as a whole, first-class bonds, and their average market price in May, 1886, was 119.82, and there were then only two below par, one of these two selling at 99¼ and the other at 91¼. They have now an average of about eleven years to run.

In May, 1870, with an average of about 28 years to run, their average market price was 91.37. An investor buying at that time equal quantities of the thirty different kinds of bonds, and holding them to maturity, would realize 7.31 per cent. per annum on his investment, whereas an investor making the same purchases in May, 1886, would realize only 5.15 per cent. The decline in fifteen years in the rate of income on the market price of these bonds is therefore just about 30 per cent.

At the market prices of a few weeks back, a buyer of bonds to be held until maturity would realize only 4½ per cent. per annum on purchases of Baltimore and Ohio 5's due in 1925; of Canada Southern first mortgage 5's, guaranteed by the N. Y. Central, and payable in 1908; of Rock Island Extension 5's, payable in 1934; of Milwaukee and St. Paul consolidated 7's, payable in 1905; of Chicago and Northwestern consolidated 7's, payable in 1915; of Morris and Essex first mortgage 7's of 1914; of Long Island first mortgage 5's of 1931; and of Michigan Central first mortgage 5's payable in 1902.

Only 4 per cent. per annum can now be realized on purchases of Rock Island 6's, payable in 1917; of Burlington and Quincy consolidated 7's, payable in 1903; of Milwaukee and St. Paul gold 7's, payable in 1902; and of Lake Shore first mortgage 7's, payable in 1900. A purchaser of Michigan Central first mortgage 5's, payable in 1902, and of Union Pacific first mortgage 6's, payable from 1896 to 1899, realizes 4½ per cent. per annum. A purchaser of New York Central first mortgage 7's, payable in 1903, realizes only 3½ per cent. per annum, and a purchaser of Chicago and Northwestern gold 7's, payable in 1902, realizes only 3½ per cent. per annum.

The general cause of the fall in the rate of interest which has occurred in this country has been the much more rapid increase of its capital of all kinds, including loanable capital, than of its population, and this cause will be a continuing one. The economic

conditions are very different in different parts of the United States. Considerable portions of it are even now in the new and primitive stage; but there are other portions of it which are as completely developed and possess at least as much wealth as Western Europe. The accepted opinion is, and it is undoubtedly the correct view, that the normal course of the rate of interest, aside from exceptional circumstances, such as some great war involving extraordinary expenditures, will be still downward.

The payments made on the interest-bearing National indebtedness have had some effect in the way of lowering the rate of interest in this country, and would have had more if the holders of this indebtedness had been all of them our own citizens. The reduction in our interest-bearing debt has been so far, in round numbers, eleven hundred million dollars, of which probably half has been paid to foreigners. It is only the other half which has been paid to our own people, and has thus become an addition to the loanable funds of home capitalists. Some persons will even deny that any addition has thereby been made to our loanable capital, on the view that the means of payment have been derived from the forced contributions of our taxpayers, and that nothing has happened except the transfer of capital from one class to another. Indeed, according to the general opinions of such persons, the operation of paying off our National debt has diminished our loanable capital, the whole contributions to that end having been made by our own people, while about half of the contributed sums has been paid over to European holders of our bonds. But in respect to our tariff revenue, it is paid largely by foreigners, and to that extent is not a tax at all; and in respect to our internal revenue, it is in the main taken out of what would otherwise have formed a part of the current expenditures of those from whom it is collected. Nothing is more certain as a matter of experience and observation, than that the paying off of public debts to home creditors increases the amount of home loanable capital.

As the amount of the bonds of the United States now held abroad is very small, nearly the whole of the payments on those bonds hereafter will be an addition to our home capital.

It is often said that, independently of the effect upon the current rate of interest of the payment of a part of those bonds, the rate of interest has also been reduced by the fact that the Government has, by conversions and refundings, lowered the dividends upon the bonds which have not been paid. Or, to express the same idea in other words, it is often said that as the Government has been able to sell bonds at par, with the rate lowered first to 5 per cent., then to 4½, then to 4, then to 3½, and finally to 3, the standard of income upon the best security was thereby successively lowered, and that the proportional income

upon other securities has been, as a consequence, correspondingly lowered. But if the matter is closely considered, it will be seen that statements of this kind involve the fallacy of supposing that Government has, by refunding at lower rates, reduced the current rate of interest, whereas precisely the reverse is true, that such refundings have only been made possible by the prior fall in the rate of interest. The governing factor in the case is always the actual market rate of interest, and all original borrowings and subsequent refundings, by either Governments or individuals, must follow the course of that rate.

If all the bonds of the Government had been forever irredeemable, or if the period of their redeemability was still in the future, there could have been down to this time no conversions into lower rate bonds, but the fall in the income obtainable from the holding of those bonds would have been marked by the rise in their market prices. Such a rise, if there had been no conversions or refundings at all, would have indicated with equal distinctness the fall in the current rate of interest. We have exactly that case now in the 4 per cent. bonds, which are not redeemable, and therefore not refundable for twenty-one years from this date. Nevertheless, their present market price of about 125, yielding to a purchaser an annual income of about $2\frac{1}{2}$ per cent. upon his investment, as completely signalizes the state of the loan market as if the bonds were now refundable and were actually refunded into $2\frac{1}{2}$ per cent. bonds. But neither refundings nor the arising of premiums upon bonds not refundable are anything more than indications of the state of the loan market. Neither of them in any sense, or in any degree, controls that market, but on the other hand, it is by the market that they are both controlled. Governments do not, by borrowing cheaply, reduce the rate of interest, but they are able to borrow more cheaply as interest falls. It is only by paying off their debts, and by thus increasing the amount of loanable funds, that they can reduce the current rate of interest. To the Englishmen who insisted eighty years ago that there was not money enough to continue payments on the British National debt, Ricardo replied that the more they paid on that debt the plentier money would become.

The effects upon this country of the fall in the rate of interest which has already occurred and is still in progress, will be many and important. Some of these effects we shall discuss hereafter.

THE GERMAN CURRENCY.

Soetbeer has recently published the following estimate of the quantity of money in circulation in Germany at the beginning of 1886:

German gold coin (exclusive of \$30,000,000 in the war chest)	\$387,500,000
Gold foreign coin and bars in Imperial Bank.....	48,500,000
Silver thalers (full tender).....	112,500,000
Subsidiary silver.....	110,500,000
Nickel and copper coins.....	15,000,000
Government circulating notes.....	34,500,000
Bank notes not covered by gold.....	90,250,000
	<hr/> \$798,750,000

Calling the German population 46,000,000, the *per capita* of money is about \$17.35.

In 1871, according to Soetbeer, the gold in Germany was \$22,500,000, and the full-tender silver was \$375,000,000, making an aggregate of \$397,500,000 of gold and silver full-tender money, as compared with an aggregate of \$548,500,000 at the present time. In 1871 the notes of the several German States (since consolidated into an imperial issue) amounted to \$48,500,000, and the bank notes not covered by coin to \$89,750,000, so that the addition to the currency from both descriptions of paper is less now than it was then by the sum of \$13,500,000. The total of paper and of full-tender metallic money is greater now than it was then by the sum of \$137,500,000, making an increase of 26 per cent., while the increase of population during the two periods was about 15 per cent. Of the subsidiary silver coins and minor coins which had been issued before 1871 by the mints of the various German States, Soetbeer makes no estimate. It may be assumed that between 1871 and 1886 there was no important change in the *per capita* amount of those classes of coins. The increase in the *per capita* amount of paper and full-tender metallic money was about \$1.40, which seems to be much less than was called for by the changed conditions of Germany from the opening of its secluded portions to trade by the building of railroads, and from the greater development of its commerce and manufactures as compared with its agriculture. At any rate, the increase in the *per capita* amount of its money has not been sufficient to sustain the prices of 1871.

Under existing German laws the Government notes are soon to be reduced to \$30,000,000, being the amount of gold in the war chest, which they are intended exactly to represent in the monetary circulation. The addition of paper to the volume of German currency will then be the \$90,250,000 of bank notes not representing gold, dollar for dollar, the new German Empire having adopted the "fixed

issue" principle of Sir Robert Peel's Currency Act of 1844, but having narrowed the amount of the "fixed issue" a good deal below the limit of the British law, which was itself an exceedingly narrow one.

European critics of Soetbeer's figures of the German gold coins now remaining in Germany believe them to be a good deal exaggerated.

If the *per capita* amount of money of all kinds in Germany is only \$17.35—and it is probably less, rather than more—it is utterly incredible that it is three times greater in France, an adjoining country, and with no such differences between the two countries in density of population, development of commerce and manufactures relatively to agriculture, habits of using money, or any other visible circumstance, as can explain such an amazing disparity in their respective volumes of money. A correspondent, in the last number of the Magazine, pointed out some of the obvious errors in the statements which make the *per capita* amount of money in France rather more than \$52, the most important of which is that of adding the total note circulation of the Bank of France to its total metallic reserve, whereas the note circulation is to a great extent merely the representation of that reserve. This is like some of the estimates of the volume of money in this country, which include with the gold and silver certificates the metal held against them in the Treasury vaults, and which state the full amount of the greenbacks and outstanding National bank notes, without deducting the funds for their redemption locked up in the same vaults.

If Soetbeer's figures are correct, the strain which Germany has put upon the volume of currency in that part of the world, the money of which is on the gold standard, so far as it has as yet carried into effect the policy of discarding silver, which it determined upon in 1871, is measured by the increase of its gold from \$22,500,000 to \$466,000,000, including the amount of that metal held in the war chest. As a part of the same operation it has diminished its full-tender silver money by the sum of \$264,500,000, the greater part of which has been an addition to the money of Asia, where, if it has not raised prices, it has at any rate assisted in sustaining them. Scarcely any of it has been converted into full-tender money in any other country in Europe, as the mints of the Latin Union were closed against silver very soon after Germany began to sell it. None of it came to this country, as the demands of our mints for silver have been over-supplied from our own mines, so that we steadily export more of that metal than we import.

Germany has in no degree mitigated by paper issues the strain it has thus put upon the money of the Western World, and not even to the extent of increasing its paper issues *pari passu* with the growth of population. In fact, as we have seen, its paper issues are

now less by \$13,500,000 than they were in 1871, and are soon to be further reduced by the sum of \$4,500,000. It is, however, precisely because Germany has thus far resorted so little to paper issues, that its power of resorting to them hereafter is very great. The same observation may be made in respect to Great Britain, the paper issues of which are rather less than they were in 1844. With less than one-third of the paper money of the United States, Great Britain can move a long way in the direction of enlarging them with perfect safety, but it is for that country to decide whether such an enlargement will promote its interests. There are some symptoms that the British mind is now tending towards that method of relieving the constriction of money. Among such symptoms is a recent address of Charles Gairdner before the London Institute of Bankers, the republication of which was concluded in the last number of this Magazine. The reader will find in it a very clear statement of the grounds upon which an increase of the paper money of Great Britain is urged upon the banking classes of that country.

FINANCIAL FACTS AND OPINIONS.

The people of this country are naturally sensitive in respect to supposed attempts of European powers to acquire, either directly or under the cover of commercial companies, a foothold in our vicinity. It has been, therefore, a familiar trick with small politicians, and so old a trick as to become decidedly stale, to sound the alarm that such attempts are imminent, in order to hurry up this country to acquire the threatened spots before anybody else can seize them. In former days, when the Southern States had good reasons of their own for desiring the acquisition of Cuba, we were treated at short intervals to circumstantial stories that either France or England was on the point of taking that island unless we anticipated them. Later on, when the *entourage* of Gen. Grant conceived that the acquisition of San Domingo, with its two or three hundred thousand breechless inhabitants would add incalculably to our wealth and power, besides being of some personal advantage to themselves, they assured us that if we did not move in the matter with the hottest haste, European purchasers would be ahead of us. And within even two or three years we have been treated to narratives, said to be perfectly well authenticated, of the design of Bismarck to convert Cuba into a German colonizing ground, and that the only way to prevent it was our purchase of the island for one or two hundred millions of dollars, or such larger sum as the impetuosity of the Spaniards might induce them to ask for it.

At the present time it is an object with certain well-known in-

terests to secure an extension of the Hawaiian Treaty, and in order to reconcile us to the loss of revenue which we suffer from it, we are told, first, that Hawaii will cede us a chance to dredge out a port and establish a naval coaling station if we will consent to extend the treaty; and next, that unless we get a foothold there in that way, a company has been formed in Europe to entangle the Hawaiian rulers in the meshes of a loan and mortgage, whereby American influence in that group of islands will be rooted out for ever.

If this precious tale needed any exposure it has been effectually made by a correspondent of a city contemporary (the *Evening Post*), who has reproduced a declaration of our Government made on the 21st of December, 1842, by Daniel Webster, then Secretary of State, and communicated to the several European Powers, and the response made to it the next year by France and England. In the paper drawn by Mr. Webster, it is declared that the United States desire "no peculiar advantages in Hawaii," and are "content with its independent existence," but that having more commercial intercourse with these islands than any other nation, the United States would view with "dissatisfaction," and interpose "a decided remonstrance" against, the attempt of "any other power" either to "take possession" of them or to "colonize" them.

France and England, the only powers then engaged in territorial acquisitions in the Pacific Ocean, acquiesced in the American "Hands off" manifesto of 1842, and on the 28th of November, 1843, they joined in a written paper, in which they declare that they have—

Thought it right to engage reciprocally to consider the Sandwich Islands as an independent State, and never to take possession, either directly or under title of protectorate, or under any other form, of any part of the territory of which they are composed.

During the forty-three years which have since elapsed, the United States has increased immeasurably in both absolute and relative power. If there is anything certain, it may be relied upon that no European power will attempt to get any new possession so near to this country as to excite any reasonable apprehensions on our part. It is the sorriest and weakest sort of political trick, for anybody to pretend that we must pay such a price as that of extending a reciprocity treaty which costs us millions annually, in order to get a coaling station in Hawaii for any such purpose as that of preventing the colonizing attempts of European powers in that quarter.

In the trade reports from Europe, in respect to textiles, we do not as yet see any indications of a revival of prices. From British markets, the Nottingham report as to hosiery, laces, &c., says that prices are "unsatisfactory" and "unremunerative." At Leeds, the prices of woolens are said to be "low and unsatisfactory." In re-

spect to linens in Belfast and vicinity, it is stated that "at many of the factories a considerable number of looms are entirely stopped, while others are only kept at work in a hand-to-mouth style"; and it is added that the situation is seen to be so bad, that where "reductions in wages have taken place no resistance has been met with from the operatives." Similar reports as to the linen trade come from Dundee. In this country the non-revival of trade is by many persons attributed to labor troubles and strikes, but it cannot fail to be noted that the same persons are of the opinion that the original cause of the depression is over-production. It is nevertheless plain that strikes tend to prevent over-production, and that production will increase again when everybody gets to work. Whatever may have caused the existing depression in Great Britain, it is certainly not labor troubles or strikes.

The Chicago *Inter-Ocean* of June 16 observed in respect to merchandise, that there was now "almost a positive guaranty against loss" from a further "shrinkage of prices," in the fact that they are already down to "the minimum cost of production." But we fail to comprehend how anybody can determine what this "minimum cost" may be in the future. That depends upon what materials and labor may cost hereafter, which nobody can foresee.

In the Spanish Chambers, on the 21st of June, in reply to complaints of delegates from Cuba, that sufficient efforts had not been made to secure reciprocity arrangements between that island and this country, the Ministry affirmed that they had done all that was possible to be done in that direction, and that they had even been ready to sacrifice some important Spanish home interests in order to gratify the desires of the Cubans. It is certain that the present Administration has been as zealous in its efforts as President Arthur's was, to bring about reciprocity arrangements between the United States and Cuba. To effect that object, the Cleveland Cabinet kept in office for about a year, the American minister to Spain, Mr. Foster, who was a legacy of the the preceding Republican administration. He was retained avowedly on the ground that his previous experience in the negotiations gave him special advantages in bringing them to a friendly successful conclusion, which was undoubtedly true. But notwithstanding the common desire of the Cabinets of Madrid and Washington to make a Treaty, there was and is an impracticable difficulty in the way, and that is the United States House of Representatives, which grows every year more and more disinclined to permit its constitutional control over tariffs and revenue systems to be taken away by treaties, which are oftentimes negotiated through obscure and irresponsible agencies, and have always, down to the present time been discussed and voted upon by the Senate with closed doors. Only one solitary member of the Committee of

Ways and Means was recently found ready to advise the House to give vitality to the Mexican Reciprocity Treaty which the Senate ratified more than three years ago, and nobody supposes that this House, or any succeeding House, can be persuaded to sanction it. The day of reciprocity treaties has gone by. The existing Hawaiian Treaty, and the long ago abrogated Canadian treaty of 1854, both of them signally disastrous to this country, will suffice for one generation.

According to figures published lately by Mr. Barbour, the Financial Secretary of the Indian Government, the rupee price of wheat in the Indian shipping ports is rather below the average price of the last twenty years, but is rather higher in the interior provinces, because railroads have cheapened its transportation to the seaboard. The gold price in Europe has fallen so much that the premium on gold, although very large, does not increase the silver price of wheat, and the same thing is true of the other agricultural staples of India. When Germany and the United States demonetized silver, it was assumed by everybody in England that it must depreciate relatively to commodities in India, and that rupee prices must rise. It has not turned out so, and furthermore, the annual average net import of silver by India during the past eleven years is below the average during the eleven years ending with 1867, which was \$54,050,000, reckoning silver at its price in gold. The silver superseded in the French circulation by California and Australian gold, set free to go to Asia considerably more during the eleven years ending with 1867, than has since been set free for that destination by German sales of silver.

The sources are not apparent from which India can obtain during the next eleven years an annual average import of \$54,050,000 of silver, at even our coining rate. What is feared in India is not a future fall in silver and a consequent rise in rupee prices, but that silver will appreciate, and that rupee prices will fall. Indian prices would undoubtedly go down with a crash, if the coinage of rupees should be restricted, and the English Cabinet cannot be insensible to the danger of bringing on an industrial and commercial catastrophe in India by sanctioning any such measure. If the situation in that case could be made at all tolerable, it could only be by increasing the present paper circulation in India.

The late vote in Nova Scotia, showing a majority of 12,000 in a poll of 60,000, in favor of a party proposing secession from the Dominion of Canada, was a very significant one. It is not at all probable that there will be any such secession. Canada would never agree to it, England would discountenance it, and it is not conceivable that Nova Scotia is disposed to resort to force to bring

it about. But the vote is proof of the dissatisfaction of the people of Canada with their material condition. Loyalty to the British connection is natural to the persons whom it keeps in place and office, and is probably with some persons a matter of genuine sentiment. But what the vast majority of Canadian producers, laborers, and business men want more than anything else, is to earn more, live easier, and accumulate property more rapidly. They want, in short, the market of this country, which is, and long will be, the best one in the world. If they can get it by reciprocity treaties they would probably prefer it, but if it is only by annexation that it is obtainable they will go for that. We should have had Canada long ago if the Southern States in 1854, then having the absolute political control of this country, had not deliberately and designedly prevented it by negotiating the Canadian Reciprocity Treaty of that year.

One of our contemporaries says, in reference to the National banks:

The power exerted by this system of banks in sustaining the National and commercial credit, and the facilities they afford to trade, is greater than is generally estimated.

All that is thus said in respect to the facilities afforded to trade by the National banks, and to the support which they are able to give, and do give, to commercial credit, is true. But it is supremely silly, and also justly offensive, to say that these banks do anything towards sustaining the National credit. Intelligent bankers know that a claim as completely unfounded as that is, must irritate the country. The credit of the National Government rests securely upon its unlimited power to impose taxes upon the richest nation in the world, and would receive no jar if every National bank should go out of existence to-morrow. It has no favors of any kind to ask from banks or bankers of any description, and it is to the protection which its power affords that all banks and bankers owe a considerable part of the security in which they carry on their business. No National bank, and nobody authorized to speak for the National banks, ever sets up the arrogant pretension that the credit of the United States receives or needs any bolstering from these institutions.

An American Senator, Mr. Whitthorne, in a speech made a few days ago, described the French undertaking to open an isthmus canal as a movement to "head off the efforts and enterprise of American citizens." If by that it was intended, as it doubtless was, that the French meant to get the first start in building such a canal so as to prevent our citizens from building one, we should like to inquire which one of our citizens has ever proposed to put

a single dollar into such a work? We have heard of a good many efforts by American citizens to persuade the Government of the United States to build an inter-oceanic canal, but in most cases it has been easy to see how the proposers and projectors expected to feather their own nests by it. If any of our citizens have been "headed off" by Lesseps' enterprise at Panama, it is not in efforts to build a canal across any other part of the isthmus, but in efforts to secure profits out of embarking the Treasury of the United States in such a scheme. Their efforts have all been of the latter description, and the general public are not at all disposed to shed any tears over their failure.

The same Senator, after referring to the attempt of Napoleon III. to establish a Latin Empire in Mexico, insists that the same purposes which induced that attempt to spread French influence over the New World, are "the motives which induce the Frenchmen to enlist in the work" of the Panama Canal. The Senator may depend upon it that neither the stock gamblers of Paris nor the investing public of that capital, ever had any other object than that of making money for themselves, in subscribing for Panama Canal shares or in dealing in them. Lesseps had justly acquired great prestige from the enormous financial success of his enterprise at Suez, and he has all the qualities which inspire confidence and enthusiasm. The French Government as such has never invested a farthing in the Panama Canal, and nobody supposes that it ever will. It has been wholly a private work, and has been prosecuted solely from the hope of those concerned that it will benefit them individually.

The same Senator says that an inter-oceanic canal will be "an artificial Bosphorus," which is certainly true, and that the question of the control of it will be likely to give rise to diplomatic struggles and bloody wars in the distant future, which is more or less true. But it will be equally "an artificial Bosphorus," whether it be constructed by Frenchmen or Americans. So far as warding off the dangers of "an artificial Bosphorus" is concerned, we gain nothing by preventing the French from building one, if we thereupon proceed to build one ourselves.

The French Chambers raised the duty on cereals about two years ago, and are now agitating the question of raising it still further, on the ground that the premium on gold has recently increased. The view taken in France is, that the premium on gold, when purchased with silver, operates as a bounty upon shipments of wheat from India to Europe. The same view seems to be the generally accepted one in Great Britain, but in that country cheap bread is desired by the great majority of the people, the wheat-producing interest being relatively small compared with what it is in

France. The lower the prices for wheat, cotton, jute, hemp, hides, &c., are made by imports from India, the better satisfied the British are. The pinch for them of the present condition of the Indian exchanges is in their exports of manufactured goods to India. Such goods will not command any more silver there than they did ten years ago, and it is the English who lose the difference, which has considerably increased during the past year, between silver money into gold money.

Mr. Plumb, of Kansas, said in a debate in the Senate, June 24, 1886—

It is within my own knowledge that at least 75 per cent. of all the lands entered under the pre-emption law in the county in which I live, were entered with money borrowed at a minimum rate of interest of 3 per cent. a month.

This is an authoritative and responsible statement, and it may be taken as an indication of the rates of interest paid by needy borrowers in the frontier States and Territories. Senator Plumb either accidentally or intentionally omitted to state what is the maximum rate paid by pre-emptioners.

The only comment we now make is, that the statement tends to negative the idea that pre-emptioners are, as a rule, in the pay of moneyed men as instruments to procure title to lands, in which case they would not be paying such high rates of interest. They often sell out the titles which they obtain under the pre-emption laws, and doubtless frequently obtain them with the original purpose of selling them out, but it would seem that they acquired them in the first instance on their own account, and with means of which they possess themselves in whatever way they can, and oftentimes by paying the most extravagant rates of usury.

But with all the difficulties, of which usury is certainly one, which attends the new settlements in Kansas, their progress is wonderful. In the House on the 28th of June, Mr. Peters, who represents the seventh Congressional district, said that its population, which was 147,000 by the United States census of 1880, had increased to 204,000 by the State census of March 1, 1885, and was believed to be now 315,000, on the basis of enumerations made by townships, and other evidence. In respect to one county, organized three years ago, he affirmed that before that organization, three-fourths of it was in one field, enclosed by a wire fence as a cattle range, whereas now every quarter section available for agricultural is taken up by an actual settler, while the wire fences are gone, and so are the cattle, the latter into the Indian Territory, New Mexico, or other Territories, and the county has a population of 7,000 or 8,000.

The average of the highest prices during 1881 of the fifty railroad stocks principally dealt in at the New York Stock Ex-

change was 100%. The average of highest prices of the stocks during the first half of this year was 72%. The average of the lowest prices of the same stocks during the bank panic of May, 1884, was 42%.

During the Indian fiscal year ending on the 31st of last March, the net import by India of silver, valuing it at our coinage rate, was \$56,287,311, which is fully half of the total silver production of the world. At the gold price of silver, the valuation of the Indian net import of silver would be about 25 per cent. less. During the same fiscal year, India exported 43,120,038 bushels of wheat, at 56 pounds to the bushel.

During the first five months of 1886 the net import by Great Britain was of gold, \$1,116,390, and of silver \$545,230, which is a good deal less than the British consumption of those metals in the arts. The production of silver from mines in Great Britain is about \$500,000 annually, but is a good deal more than that from imported lead ores.

The export of gold in June was explained as having been made "to aid the German bankers in effecting an exchange of a part of the Russian debt," as a similar export made not long before was explained as having been made "in support of the new French loan." It is certainly conceivable that persons in Europe engaged in refunding and otherwise manipulating Russian and French debts, may have found it necessary to obtain gold for these purposes, and may have cast about for the ways and means of getting it in New York and elsewhere. But that persons in this country could have been found who were disposed to ship that metal to Europe from merely a benevolent desire to assist bankers engaged there in fund-mongering operations, will not gain any wide credence. If the Paris and Berlin stock-jobbers have obtained any gold from New York, they have done so either by making loans here on terms and collaterals satisfactory to the loaning parties, or by selling international securities in this market, or by buying bills of exchange on this country based upon merchandise sent here and sold. As it is not probable that European banks have borrowed money here, we must conclude that the recent gold exports to Europe have been the proceeds of the American securities sent from Europe to be marketed here, or that they were made because the balance of our foreign trade was insufficient to meet the various charges upon it, such as our interest account payable abroad.

Gold is said "to move easily between the several financial centers of the world in response to demand," and so it does, provided the demand consists of the offer of some equivalent satisfactory to the holders of it. Physically there is nothing more mobile than gold. But it stubbornly resists every attraction except the offer of

equivalents, and least of all does it ever move from a charitable and friendly desire to assist the stock-jobbing operations of anybody. It is true of bankers, as a class, the world over, that they rarely indulge in illusions of any kind, and certainly the bankers of New York neither expect to import gold without paying for it, nor intend to export any without being paid for it.

The gross receipts of the India railways increased 12 per cent., and their excess of receipts above working expenses increased 18 per cent. during the last half of the calendar year 1885, as compared with the last half of 1884. Nearly the whole of this gain is for the benefit of the Indian Government, as the owner of some of the roads and the guarantor of certain rates of dividends upon the other roads. The gain is attributed, in part to the increased movements of wheat, but it is also shown in the carrying of passengers and of other merchandise besides wheat. The prosperity of the India railroads is in marked contrast with the falling off in both the gross and net income of the English railways. If India may properly be considered as a commercial country, as in many aspects it may well be, it is about the only part of the commercial world in which there is any appearance of activity and prosperity.

The subsidiary coinage out of new silver during 1885 was, in England, \$2,612,850, and in the Australian colony mints, \$400,795, in addition to which there was minted from worn and defaced silver coins melted down in England, \$1,025,000, and in Australia, \$58,136. The silver coinage of Japan during 1885 was \$5,869,545, and of India, \$28,950,000, so that, of the total Indian silver import of 1885, about \$23,000,000 must have been absorbed in ornaments, which seems a large sum, but it is only about eight cents *per capita* of the Indian population.

The London *Economist* gives a table of coinages of silver in 1885, both full tender and subsidiary, but exclusive of recoinage of worn and defaced subsidiary silver coins. The aggregate footing is \$75,-804,005. But the table is confined to the mints in Europe, Australia, the United States, Japan and India. It very properly does not include Mexico, although its coinage of silver dollars is very large. Very few of these dollars have any monetary circulation, but are merely a form of silver bullion made convenient for export.

There was no such thing in Paris as a Bankers' Clearing-house until March, 1872, and the total clearings for the first year amounted to only \$320,516,945. During the year ending with last March they were only \$784,784,735. These figures are absolutely insignificant as compared with the clearings in London or New York. They are about equal to a single week's clearings in New York,

and they have been rather declining within the past five years, from the commercial depression. The use of checks on bankers is very slight in Paris, and still less in the French provinces. Frenchmen still mainly adhere to their old-fashioned practice of keeping their money in their own custody.

At a meeting in London, July 7, of the British and Colonial Chambers of Commerce, a resolution in favor of remonetizing silver in Great Britain was carried, after a long and animated discussion, by a vote of 28 to 15. Mr. Crump, of the *London Times*, denounced the silver party of the United States as being controlled by Nevada silver miners in alliance with a "Washington ring." Mr. Frewen replied that it was a party made up of western wheat-growers and southern cotton-planters. Two members of the Chambers, from India, opposed the resolution, on the ground that the lower silver fell the greater would be the stimulus to the Indian exports of cotton, wheat, corn, hides, and all agricultural staples. Another member of the Chambers, a merchant in the India trade, argued that England had other interests to look after besides India, and that however much that dependency might be profiting from the fall in silver, there were greater British interests which required that silver should be remonetized in England. Two London bankers spoke, one—Mr. Gibbs—in favor of silver, and the other—Sir R. N. Fowler, M. P.—against it.

INCREASED REQUIREMENT OF MONEY.

During the first years of the extraordinary yield of gold in California and Australia, there was a most animated discussion throughout the world in respect to the extent of the rise of prices which was actually taking place as the result of the new money, and of the further rise which ought to be expected from it. It was generally assumed in this discussion that prices rose from four to six-fold after the opening of the mines in Potosi in 1545. It is not extraordinary, therefore, that the opinion became widely prevalent that the immeasurably greater yield of gold in California and Australia must cause a serious and perhaps fatal depreciation in the value of metallic money, after making all possible allowances for the increase of population and exchanges in the nineteenth century as compared with the sixteenth. The maximum effect of the new gold mines was, however, reached about 1865, and it is not generally estimated that the rise in prices was more than from 20 to 25 per cent., and whatever it was, it is agreed on all hands that it has since been entirely lost.

Among the persons who participated in the discussion between 1850 and 1865, in respect to the danger of the depreciation of the monetary standard, an English writer, T. E. Cliffe Leslie, is entitled to particular credit, as having most clearly pointed out that the extraordinary rise of prices described by historians as having followed the Potosi discoveries was, in fact, mainly confined to a few commercial centers like London and Hamburg, and that it was caused by the heaping up of the new silver in those centers, from the exceeding slowness of its diffusion over Europe. He therefore explained the less effect in commercial centers of the much greater outflow of gold from California and Australia, by its action being spread over greater areas and among more numerous populations, as a consequence of the vast increase of the internal trade of nations from improved communications, and especially from railroads, and from the multiplication and diversification of marketable products in modern times.

Leslie observed that "the proper region of money is the region of industry, roads, navigation and trade"; that through more than half of Asia, and almost the whole of Africa, there were "no conductors for the metallic currents from Potosi;" that during the sixteenth century "the bulk of the people of Europe itself could seldom, if ever, have touched a coin from the mines of Mexico and Peru"; that to near the end of the eighteenth century prices of meat had risen very little at distances of fifty miles or more from London; that Adam Smith, writing in 1776, speaks of a village in Scotland where nails were still used in payments at alehouses; that in many parts of the Scottish Highlands the use of money was unknown at the end of the eighteenth century; and that in some districts of Ireland, the first money known was that distributed by the Board of Public Works, established after the famine of 1846, the condition of those districts having been that "the laborer was hired with land or potatoes, and paid his rent, in turn, and bought his clothes, with labor."

That there was at least an equal slowness in diffusing over the Continent of Europe the metallic money flowing from America in the sixteenth century, was shown by Leslie in a very convincing way. He gives the proofs that when the later metallic flow from California and Australia reached the more secluded parts of Western Europe, as it did with marked rapidity, from the greater activity of trade and from readier and cheaper modes of communication—the development of the railroad system having been substantially contemporaneous with the working of the new gold mines—the rise of prices was in those parts far beyond the 25 per cent. experienced at the commercial centers, and was in many cases from 200 to 300 per cent. Prior to the modern epoch of "industry, roads, navigation and trade," the level of prices over great areas in Europe had remained almost as low as it was before the dis-

covery of America, if indeed prices can be said to exist where money is very little used, and where transactions are carried on principally by barter. It was over such areas that the advance of prices was extraordinary under the influence of the new gold, and this means that vast quantities of the new gold were attracted to these areas by the previously existing cheapness of commodities, and were absorbed in raising prices in them, so that at central points the accumulation of money was checked and the advance in prices moderated.

Leslie (*Macmillan's Magazine*, August, 1864) says that "the rise of prices in the provincial towns and rural districts forms the most prominent subject in most of the reports of the British consuls in France for several years past." In respect to Spain, he gives tables of prices from the British Consul at Bilboa, showing a rise of fully 100 per cent. between 1854 and 1860, and he adds—

Unaccustomed streams of money are flowing, not only into the towns of northern Spain, but through all the more fertile districts of the peninsula near the new lines of railway. . . . It is in regions like the great corn district of Medina del Campo, poor lately in money, but rich in the wealth of nature, that prices must rise fastest when they are brought into easy communication with the markets where money abounds.

Of the trade of the Swiss, "shut out by their own mountains from the principal markets of Europe in the last century," he says that their "country, not long ago scantily furnished with a base native currency, is now flowing with money from the mints of the wealthiest States."

Of Norway, he says that "no sooner did the Australian gold appear in Europe, than the Norwegian currency swelled to an unprecedented balance, and prices rose to a pitch unknown before"; and he cites the report (1855) of the British Consul at Gottenberg as authority for the statement that provisions of every kind had become "excessively dear, many articles having within the last few years advanced to treble, and in no instance to less than double in price."

In Germany he pointed out equal changes from the diffusion of the new gold, prices rising, and "peasants embellishing their houses" and indulging "in finery, as well as in the plain requisites of civilization," although South Germany had less money in circulation, and was "comparatively cheap, because it has more recently been opened up by railways and still remains farther from the best markets of Europe."

Of Eastern Europe, Leslie said in 1864—and its condition has not since much changed:

Down to our own time the people of Eastern Europe have lived for the most part on their own productions, or on a common stock; their few exchanges have commonly been performed in kind; what little

money they have gotten from time to time has been hoarded, and not circulated, and prices have not risen where there have been no prices at all.

The persons who believed, during the first half dozen years of the amazing outflow of gold from California and Australia, that the monetary standard was threatened with a serious and permanent depreciation, were justified by the experience of the effects of the increased supplies of the precious metal from America during the sixteenth century. The conditions of fact which have prevented a repetition of that former experience, although they had begun to manifest themselves before 1850, have mainly occurred since Chevalier in France, De Quincy and Cobden in England, and numerous other intelligent persons in Europe and America, predicted or anticipated a disastrous fall in gold. It is easy to be wise after the event. We have now only to look in order to see that the fact that the new gold at no time produced any excessive rise of prices, and no lasting rise at all, at commercial centers, is sufficiently accounted for by its absorption in new regions and among new populations, arising from the extension of railroads, and from that quickening and wider spread of industries and trade which result from the combined influences of improved communications and of an increasing volume of money. Even in that smallest of the continents, which was until quite recently the almost exclusive seat of modern civilization, we can see that there are large areas whose commodities can now pay the lowered charges of transportation to markets where they can be sold for money, and are therefore produced in abundance to be sent to such markets, which were not produced only a single generation ago except in the meager quantities which could be exchanged in the barter transactions of neighborhoods. And we can see, also, that there are still large areas remaining in Europe, and especially in Eastern Europe, where this progress of industry, trade, and the substitution of money for barter is yet to be made.

The case of Asia, having a population more than double that of Europe, and where the work of supplying it with money is much more incomplete, deserves a separate consideration.

Of the Asiatic countries, it is of India, which is under British administration, that we know the most in respect to its economical conditions, and we find that its monetary wants are still urgent, vast as have been its receipts of treasure within recent years. During the twenty-seven years ending with 1875, being the period commencing with the discovery of gold in California, the total gold and silver production of the world was \$4,403,969,754, of which the official accounts of India show that it imported \$1,322,941,155 more than it exported in its whole foreign trade with England and all other countries. The annual average rate of the net im-

portation was \$49,000,000, and it consisted two-thirds of silver and one-third of gold. This period of twenty-seven years covered the years of the greatest British loans for Indian railroad-building, and of the very high prices of Indian cotton during our Civil War, but the power of India to absorb the metals has not declined, as its net import during the seven years ending March 30, 1885, was \$205,000,000 of silver, and \$118,000,000 of gold, on the basis of the relative value of the metals before 1873. This was an annual average importation of the two metals together of \$46,000,000. During the calendar year 1885, the net import of gold was comparatively small, but the net import of silver, at the coining rate at our mints, was \$52,197,140.

The fixed tastes and habits of India, in respect to the use of gold and silver in ornaments in addition to the hoarding of those metals, are well known, and it will absorb more and more of them in those ways as its wealth increases, and it seems now to be specially prosperous, while the commercial countries of the Western World are quite the reverse. But it is also certain that it is absorbing great amounts of silver by using it as money, as a substitute for the system of barter which prevailed there almost universally before the silver of Europe, dislodged by the California and Australian gold, began to flow to Asia in extraordinary quantities.

In his book, published in 1863, entitled *Drain of Silver to the East*, Mr. Lee stated that the use of coin in India was then scarcely known outside of the cities, and he concluded that two thousand million dollars of additional coin would be needed if money should finally supersede barter. He made this estimate on the basis of an annual Indian population of 180,000,000, no regular census by the English having been taken down to that time. But we now know that the population of India (including annexations since 1863) is approximately 300,000,000.

The Governor of Bombay, in an official report in 1865, said:

"Considerable quantities of silver are absorbed in India by a monetary circulation which did not exist previously. In thousands of bazaars rupees are seen to appear and drive out the practice of barter, universal previously."

All evidence agrees in proving that the use of money was very little known in India before the silver, expelled from the Western World by California and Australian gold, had flowed thither in sufficient abundance to leave some surplus for monetary employment after supplying the demands of the jewellers.

The continual progress in India, after 1865, in the substitution of money for barter is fully shown in the testimony collated in the report (1876) of the British Silver Commission, and in the report (1877) of the United States Monetary Commission. But India, with an area about half as large as Europe, and with a population nearly

equal to that of Europe, is a large field to go over. As lately as March, 1882, Sir Richard Temple, long connected with the Indian Government, said in an address before the London Institute of Bankers, that over large parts of India rents were still paid in crops, and other transactions were still made by barter, or in other ways without money. Upon the basis of the experience of Europe and the United States, we shall make no mistake in concluding that if supplies of money remain within reach, its absorption from the greater *per capita* use of it, and with no necessary effect upon prices beyond in some degree helping to sustain them, may still be going on in India at the end of a century from the present time.

Jacobs estimates that during the 108 years after the discovery of America, which included fifty-five years after the opening of the mines of Potosi, the total flow of the precious metals from the Western World to India had not exceeded \$70,000,000. During only fourteen years, ending with 1864, after the California and Australian gold discoveries, this flow was fully ten times \$70,000,000, and has been large since, but does not seem to have yet produced anything more than a transient effect upon Indian prices. At the ports of India, the prices, reckoned in gold, of commodities imported and exported in its trade with Europe, necessarily followed the course of the fluctuations of the gold prices of Europe; rising after the California and Australian gold discoveries until about 1865, and afterwards declining upon the whole and with only a few temporary reactions, until they are now down to or below the range of prices before those discoveries were made. But since the divergence in the relative value of the metals which began in 1873-4-5, rupee prices in India have not followed the downward course of gold prices, and although they have somewhat fallen at the ports, appear also to have somewhat advanced in the interior provinces, which must be ascribed to the diminished charges of transportation to and from the ports. Rupee wages of unskilled labor, within which description nearly the whole of the labor of India comes, are still exceedingly low, and there has been no advance in them within twenty years, according to the best and latest authorities.*

Populous and vast in extent as India is, it is only a small part of that continent of which it has been said that, "Asia, it is the world," and in comparison with which Napoleon, from the point of view of St. Helena, said that "Europe is nothing but a mole-hill." India is the first country in Asia to begin, under its British masters, to exchange Oriental for Western civilization and methods. But the period seems to be at hand, when the same exchange will be commenced, or having commenced will make more rapid prog-

* See particularly a book entitled *Theory of Bimetallism*, published at Calcutta in November, 1885, by D. Barbour, the Financial Secretary of the Indian Government.

ress, in other and still greater Asiatic regions. The present generation may expect to see this transformation—in China and Japan from voluntary adoption; in the mysterious table-lands of Central Asia, the reputed cradle of the human race, from the resistless pressure of the armies and organizing power of Russia; in Farther India, from British annexations and the extension of French conquests; and in Western Asia from the final downfall of the Mahomedan Power, which now holds Constantinople by a precarious sufferance. And wherever Western civilization goes, whether in Asia or in Africa, or in whatever regions, continental or insular, which it has not yet penetrated, its commercial and industrial and financial methods will go also, and as indispensable to all of them will go the use of money, as the substitute for those ruder modes of exchange which satisfy the needs of barbarous and semi-civilized peoples.

In a paper contributed to the *BANKER'S MAGAZINE* in September, 1882, the writer felt justified by the then existing aspects of monetary affairs, in saying:

The most groundless of human apprehensions is that of an excess and consequent depreciation of money, so long as it consists of the metals, or is kept at the standard of the metals. There has never yet been enough of it to fully do away with the inconveniences of barter in all localities and among all classes, even in the most commercial countries. The amount of added money that can still be absorbed without affecting prices, in substitution for direct exchanges, is incalculably great. The danger which threatens in respect to money on the metallic standard, is not that of its depreciation, but that of its appreciation, and of the two calamities, the last is immeasurably the worse."

Within the past four years, the appreciation of money has become more accentuated, and general opinion inclines more and more to the opinion that the situation is not the mere ebbing of a tide which will soon flow again, but indicates a permanently downward course of prices.

Notwithstanding that the supplies from the gold and silver mines since 1849 have now reached, according to commonly accepted estimates, the enormous aggregate of \$6,382,000,000, it is certain that the general range of the prices of the world is at least as low as it was before gold was found in California; that money is still substantially unknown among a considerable part of mankind; and that its use among the great majority of them is still on a scale exceedingly attenuated and wholly inadequate to the wants of any advanced commercial and industrial development. The aggregate production of the precious metals is now, and has been for several years, not more than stationary, while the proportion of that production which is appropriated to monetary use is constantly becoming less, because the proportion absorbed in the arts and ornamentation constantly enlarges with increasing wealth and lux-

ury. In the meantime, the progress of discoveries in science and of improvements in the arts and in machinery is multiplying as never before the various products which constitute the subject matter of exchanges, while the ideas, methods, arms and commercial power of Western civilization are more rapidly than ever before spreading and impressing themselves over the whole earth, and carrying the use of money, which is an indispensable instrument of that civilization, into the remotest regions. Undoubtedly, this same civilization, in its more advanced conditions, increases the use and efficiency of the various banking expedients which economize the employment of money. The exact power of that circumstance, in the direction of sustaining prices, cannot be determined, but it has certainly not prevented a steady fall in them within recent years, and there seems to be no good ground for hoping that it will do anything more than moderate the rate of their future fall.

GEO. M. WESTON.

THE RELATION BETWEEN BANKS AND THEIR DEPOSITORS.*

NATURE OF CONTRACT OF DEPOSITOR WITH THE BANK.

A bank agrees with the depositor that he may draw his deposit in such amounts as may be desired, and to pay his checks when presented and to the presentor, whoever he may be, provided he is the rightful holder of them. "In the ordinary relation between banker and customer, the customer is a mere common creditor of the banker. A debt is owing to the customer, which he may at any time call on the banker to pay, and which it is the duty of the banker to pay upon his order or check. The customer may order it to be paid to himself or anybody else, or he may order it to be carried over or transferred from his own account to the account of any other person as he pleases. He may do so by a written instrument; and I know nothing to prevent his doing so by a verbal direction, except this, that the bank may require some written evidence of this order to transfer; and I believe there is no necessity for giving a written instrument, except for the purpose of evidence." (*Watts v. Christie*, 11 Beav., p. 551.) "If the bank finds the depositor a troublesome customer, so that the account is not a desirable one, he may tender the full amount of the deposit, and refuse to receive more, and thus close the account; and after that, if the depositor should refuse to receive the money, his right to draw out the deposit in parcels would be terminated, unless, perhaps, there might be an exception in favor of the *bona fide*

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holder of his check." (*Chicago Marine and Fire Insurance Co. v. Stanford*, 28 Ill., 168; *Munn v. Burck*, 25 Ill., 35.) To sustain an action for one's deposits, the depositor must prove the making of a demand and refusal of payment. (*Downes v. Phoenix Bank*, 6 Hill, 297; *Murray v. Judah*, 6 Com., 484.)

In Clayton's case it was decided that when an account consisted of continuous dealings, like the ordinary bank account, the money was applied on the ground of the presumption arising from the priority of receipts and payments. "If any other appropriation is to be made," said the Court, "the creditor must declare his intention at the time of payment." "Neither banker nor customer ever thinks of saying this draft is to be placed to the account of the £ paid in on Monday, and this other to the account of the £ paid in on Tuesday. There is a fund of £1,000 to draw upon, and that is enough. In such a case there is no room for any other appropriation than that which arises from the order in which the receipts and payments take place, and are carried into the account. Presumably, it is the sum first paid in that is first drawn out. It is the first item on the debt side of the account that is discharged or reduced by the first item on the credit side. The appropriation is made by the very act of setting the two items against each other. Upon that principle all accounts current are settled, and particularly cash accounts. When there has been a continuation of dealings, in what way can it be ascertained whether the specific balance due on a given day has, or has not, been discharged, but by examining whether payments to the amount of that balance appear by the account to have been made? You are not to take the account backwards, and strike the balance at the head instead of the foot of it." (*Bordenham v. Purchas*, 2 Barn. and Ald. 39.)

When a bank has received a deposit, and credited the depositor, it cannot question his ownership of the thing deposited. An attaching creditor or the true owner can do so, but not the depositor. Accordingly, in a suit by a depositor against a bank for the balance to his credit, it was not permitted to prove that the depositor was the clerk of a firm, that the money was deposited by him and in his name for its convenience, and that he declared so when he made deposits. Nor could the bank prove the indebtedness of the firm to it in order to lay the foundation for a set-off against the deposit. (*First National Bank v. Mason*, 95 Pa. St. 113.) Likewise, in an action against a Savings bank by the assignee of a depositor to recover a deposit, it cannot defend on the ground that the deposit is derived from the sale of securities belonging to third parties, and which is claimed by them as their property. "It can never be permitted," remarked the Court in this case, "that a debtor may volunteer the protection of the claims

of those with whom he has had no dealings to defeat his liability for the performance of his contracts. (*Lund v. Seamen's Bank*, 37 Barb., 129.) "A banker is bound to honor an order of his customer with respect to the money belonging to that customer which is in the hands of the banker, and it is impossible for the banker to set up a *jus tertii* against the order of the customer, or to refuse to honor his draft, on any other ground than some sufficient one resulting from an act of the customer himself. Supposing, therefore, that the banker becomes incidentally aware that the customer, being in a fiduciary or a representative capacity, meditates a breach of trust, and draws a check for that purpose, the banker, not being interested in the transaction, has no right to refuse the payment of the check, for if he did so he would be making himself a party to an inquiry as between his customer and third persons." (Lord Westbury, *Gray v. Johnston*, 3 Law Rep., H. L. Cases, p. 14.)

A bank is bound by law to pay a check drawn by a depositor within a reasonable time after receiving funds belonging to the depositor. If a bank refuse to pay a check under such circumstances, the depositor can maintain an action against it for the wrong done, although no actual damage may have been sustained.' (*Marzetti v. Williams*, 5 Barn. and Adolph., 415.)

If the depositor have an insufficient deposit to pay a check, and the payee is willing to receive whatever is due from the bank, it should honor the check to this extent, crediting the amount thereon. (*Bromley v. Commercial National Bank*, 9 Phil., 522.)

When funds are deposited for a special purpose, of which the depository is notified, it cannot apply them in a different manner. The State of Illinois created two separate funds for internal improvements; one was under the control of Canal Commissioners, and the other of a Fund Commissioner. Each party opened an account with the United States Bank. The bank agreed to pay coupons and bonds issued by the Canal Commissioners, and they left money with the bank for that purpose. The Fund Commissioner having overdrawn his account with the bank, it sought to apply the deposit of the Canal Commissioners toward the payment of the deficit, instead of the bonds and coupons as promised. This, the Court held, the bank could not do. Said the Court: "As long as the deposit is permitted to remain in their hands, they are the agents of the holders of the coupons to the amount of the fund set apart for their payment. It would be a culpable breach of trust to appropriate the fund to any other purpose, and especially to apply it to their own use." (*United States Bank v. Macalester*, 9 Barr., 475; several cases are reviewed by Judge Rogers.) In another important case the Court said: "While it is undoubtedly true that ordinarily in a running account of debit and

credit, it is the first item on the debit side of the account that is discharged or reduced by the first item on the credit side; and in the case of a bank account where all the sums paid in form one blended fund, it is the first sum paid in that is first drawn out, as was decided in Clayton's case (1 Mer., 572); yet, if there be a particular mode of dealing, or a special agreement between the parties, the case may be varied. As in the case of *Lysaght v. Walker*, 5 Bligh, N. S., 1, where an agent who had, in a previous account, charged himself with a balance due from him, continued to receive money for his principal and to pay money out, it was determined that his payments were not necessarily to be first applied to the extinction of the previous balance, the receipts being equal to the payments. (See *Taylor v. Keymer*, 3 Barn. and Ad., 320; *Henniker v. Wigg*, 42 B., 793.) The subsequent payment of checks and the striking of balances in the bank book from time to time would not, therefore, necessarily extinguish [a special deposit] if, from the facts and circumstances of the case, the parties, or other of them, appear to have had a different intention." (*Chesapeake Bank v. Swain*, 29 Md., 503.)

A bank cannot apply a deposit to a known illegal purpose, for example, to paying bonds issued by the depositor which have been declared invalid. (*Howard v. Deposit Bank*, 80 Ky, 496.)

When a person has two demands upon another, one arising from a lawful contract, the other from a contract forbidden by law, and the debtor makes a payment which is not specifically appropriated by either party at the time of payment, the law will appropriate it to the debt recognized by law; and, therefore, where distinct sums of money were due one for goods sold, the other for money lent on a usurious contract, and a payment was made which was not specifically appropriated to either debt by debtor or creditor, it was held that the law would appropriate such payment to the debt for goods sold. (*Wright v. Long*, 3 Barn. and Cresswell, 165.)

Money should not be transferred from one account to another without ample authority. Again and again has a third person attempted to subject a bank on an agreement supposed to exist between it and the depositor. The attempt of checkholders to sue is a good illustration. The above proposition would seem to be too plain for statement; yet the following case occurred: A sent money to a bank in the form of a draft to be placed to his credit. Afterward A agreed with B to transfer the amount to the latter's credit, but did not notify the bank of the agreement. B, however, without authority from A, wrote to the bank ordering it to make the transfer, which was done. At a later date A demanded his money, and of course the bank was obliged to pay. (*Coffin v. Henshaw*, 10 Ind., 277.)

Beside distinguishing deposits as general and special, the question

has arisen in a few cases where money was paid into a bank, What was its nature, and whether the bank had a right to receive the same? Thus, in the matter of *Patterson* (18 Hun., 221), a Savings bank promised four other banks to deposit one-fourth of all the moneys received by it with them. On the other hand, they promised to pay interest on the daily balances in favor of the Savings bank; also to pay at sight checks and drafts drawn on them, and to receive no deposits from other persons or corporations less than a thousand dollars. The contract was to run for three years, and at the end the four banks were to pay over to the Savings bank all moneys belonging to it. The Court held that the moneys thus deposited by the Savings bank were deposits, and that it was entitled to priority over the other creditors by the law of that State when one of the four banks failed.

In another case (*Bushnell v. Chautauqua County National Bank*, 74 N. Y., 290), it was remarked that even if a deposit be not made for the sole benefit of the depositor, and that in a certain contingency some portion may become payable to a third person, for whose security the deposit is made, its character as a deposit is not changed. Moreover, a bank which is authorized to receive deposits has a right to receive the deposit of a fund in controversy to abide the event of a litigation or award, or to become payable on a contingency to some other person than the depositor. So long as a bank undertakes nothing more than to pay over money deposited with it to the person who may, according to the conditions on which the deposit is made become entitled to receive it, it does not transcend its powers. Nor can it make any difference that the portion of the sum deposited which may become payable to a third person is at the time of the deposit uncertain and subject to liquidation. Until ascertained, the bank is entitled to hold the fund, and it is also entitled before payment to have the amount liquidated in such a manner as to bind all parties.

Public deposits.—If a deposit is made by a person or board officially, and he or such board is superseded in office, the money thus deposited belongs to the successor. (*Carman v. Franklin Bank*, 61 Md., 467; *Lewis v. Park Bank*, 42 N. Y., 463; *Swartwaut v. Mechanic's Bank*, 5 Demo., 555.) And when a change of public officers occurs, if the title to the deposits is questioned, the depository may bring an action to determine who of the contesting parties is entitled to the deposits. (*German Exchange Bank v. Commissioners*, 6 Abbott, 394; *Bell v. Hunt*, 3 Barb., Ch., 391.)

In what money shall a deposit be paid? is the next question to be considered. If a bank agrees specially to pay in bullion or coin, it must do so or be answerable for the injury done; and if it agrees to pay in depreciated paper, the tender of it will satisfy the law, and in default of payment the depositor or promisee can recover only its

market and not its nominal value. (*Robinson v. Noble*, 8 Peters, 198; *McCormick v. Trotter*, 10; *Sergeant v. Rawle*, 96.)

"But where the deposit is general," said Judge Clifford (*Thompson v. Riggs*, 5 Wall., 678), "and there is no special agreement proved, the title of the money deposited, whatever it may be, passes to the bank, and the transaction is unaffected by the character of the money in which the deposit was made, and the bank becomes liable for the amount as a debt, which can only be discharged by such money as is by law a legal tender." (*Bank of Kentucky v. Wister*, 2 Peters, 325.)

When a bank is acting as agent in collecting a debt, it can only receive, in the absence of special authority, in payment thereof, the legal currency of the country, or in bills which pass as money at their par value by the common consent of the community. (*Ward v. Smith*, 7 Wall., 447; *Levi v. National Bank of Missouri*, 5 Dillon, 104.) The doctrine that bank bills are a good tender, unless objected to at the time on the ground that they are not money, only applies to current bills, which are redeemed at the counter of the bank on presentation, and pass at par value in business transactions at the place where offered. Notes not thus current at their par value, nor redeemable on presentation, are not a good tender to principal or agent, whether they are objected to at the time or not." (*Clifford, J. Ward v. Smith*, 7 Wall., p. 451.)

In *Ontario Bank v. Lightbody* (13 Wend., 105) it was held that the payment of a check in the bills of a bank which had previously suspended was not a satisfaction of the debt, though the suspension was unknown by either of the parties, and the bill was current at the time, the Court saying that the bills of banks could only be considered and treated as money so long as they are redeemed by the bank in specie. "That the power of a collecting agent by the general law is limited to receiving for the debt of his principal that which the law declares to be a legal tender, or which is by common consent considered and treated as money, and passes as such at par, is established by all the authorities." (*Ward v. Smith*, supra.) But if anything else is received by the agent, the principal must inform the debtor that he refuses to sanction the unauthorized transaction within a reasonable period after it is brought to his knowledge.

NATURE OF ITEMS OF DEPOSITS—WHEN CHECKS ARE CONSIDERED CASH.

The general deposits of a bank consist of cash, checks, notes, bills of exchange and other instruments, but the first two items form by far the larger portion. Shall checks and similar instruments payable without restriction be considered as cash? A uniform rule has not prevailed.

It is certain that when the depositor's account is overdrawn any

deposit that he may make, whether checks, notes or the like, belong absolutely to the bank. So do they whenever the depositor draws cash on the strength of them. (*Balbach v. Frelinghuysen*, 6 New Jersey Law Jour., p. 108.)

A different question arises when the check deposited is drawn on the depository. We think the more general rule is when the check of a depositor is given to and presented by another depositor of the same bank who is credited for the amount in his account, the bank cannot afterwards withhold the amount on discovering that the maker has an insufficient deposit to pay it. The City National Bank of *Selma v. Burns* (68 Ala. 267) is the most noteworthy case on this point. Hudson & Co. gave a check to Burns on the bank which was presented with the latter's indorsement for deposit. The cashier entered it as a deposit on the depositor's bank-book, and placed it on the file of checks to be charged on the books of the bank to the drawers. Subsequently, Burns was credited on the books, and the drawers were charged with it. It was not the bank's course of business to receive, for collection, checks drawn on itself; nor were checks received by it for collection placed on the same file as this. In the afternoon of the day when the deposit in question was made, Hudson & Co. failed, and on examining their account the check proved to be an overdraft. The bank immediately gave Burns notice, and made an offer to return it on the next day, but Burns declined to receive it, and claimed that it was paid, and that the bank was liable to him for the amount as it would be for a similar deposit in money. Chief Justice Brickell said there was some contrariety of decision concerning the liability of a bank when a check drawn thereon was presented, and there was simply an entry of it to the credit of the holder on his bank-book as a deposit, whether it was to be regarded as paid, or as received for collection. After saying that the check was not treated by the bank as it would have treated a check of which some other bank was the drawee, and in reference to which it would assume no other duty than that of collection, transferring to the credit of the holder only what might be derived from it, the mode of dealing with this check was just that which would have been adopted, if it had not been an overdraft—if there had been funds in the possession of the bank, which were applicable to its payment. Contracts, agreements, transactions between parties should have operation and effect according to their intention, and it seems impossible from these facts to attribute any other intention to the parties than that the check should be received by the bank and placed to the credit of the depositor, as cash, as money deposited by him. There can be no doubt that he was at liberty to draw for the amount of the check as money on deposit with the bank, at any time before he was notified that liability for it was discovered, and that his drafts in consequence would not be honored.

Nor is there any room for doubt, that at any time during business of the day of deposit, his check would have been honored by the bank upon the faith of the deposit as money to his credit.

"The case more nearly resembles, and falls directly within, the principle stated in *Bolton v. Richard*, 6 Term, 139, that when a bank credits a depositor with the amount of a check drawn upon it by another customer, and there is no want of good faith upon the part of the depositor, the act of crediting is equivalent to a payment in money. Nor can the bank recall or repudiate the payment, because, upon an examination of the accounts of the drawer, it is ascertained that he was without funds to meet the check, though, when the payment was made, the officer making it labored under the mistake that there were funds sufficient (*Chambers v. Miller*, 13 Com. B. N. S., 125; *Levy v. United States Bank*, 4 Doll., 234; *Oddie v. National Bank*, 45 N. Y., 735; *National Bank v. Burkhardt*, 100 U. S., 686). In the case last cited it was said: 'Where a check on itself is offered to a bank as a deposit, the bank has the option to accept or reject it, or to receive it upon such conditions as may be agreed upon. If it be rejected, there is no room for any doubt or question between the parties. If, on the other hand, the check is offered as a deposit and received as a deposit, there being no fraud and the check genuine, the parties are no less bound and concluded than in the former case. Neither can disavow or repudiate what has been done. The case is simply one of an executed contract. There are the requisite parties, the requisite consideration, and the requisite concurrence and assent of the minds of those concerned.' And in *Oddie v. National Bank* [above mentioned] it was said by Church, C. J.: "When a check is presented to a bank for deposit, drawn directly upon itself, it is the same as though payment in any other form was demanded. It is the right of the bank to reject it, or to refuse to pay it, or to receive it conditionally, as in *Pratt v. Foote* (9 N. Y., 463), but if it accepts such a check and pays it, either by delivering the currency, or giving the party credit for it, the transaction is closed between the bank and such party, provided the paper is genuine.' And further it was said: 'The bank always has the means of knowing the state of the account of the drawer, and if it elects to pay the paper, it voluntarily takes upon itself the risk of securing it out of the drawer's account or otherwise. If there has ever been any doubt upon this point, there should be none hereafter.'"

"The Supreme Court of California (*National Gold Bank v. McDonald*, 51 Cal. 64), dissent from the conclusions of Church, C. J., in *Oddie v. National City Bank*, and lay down the rule, that when a check on the same bank is presented by a depositor with his pass-book to the receiving teller, who merely receives the check and notes it in the pass-book, nothing more being said or done, this

does not of itself raise a presumption that the check was received as cash, or otherwise, than for collection. The case is variant from this case, in the absence of the material facts, that it was without the ordinary course of the business of the bank to receive for collection checks of which it was the drawee, and the entry of the check on the books of the bank, as a debit to the drawer, and a credit to the holder. It is the intention of the parties which must govern, and no intention can be presumed for, or imputed to them, which is inconsistent with their acts and declarations, and the usual, understood course of the business they are transacting. And when, as in this case, there is such a concurrence of facts pointing wholly to the creation presently of an unconditional engagement, and of the relation of debtor and creditor, there can be no authority for a presumption of law, which would change the engagement into one dependent on conditions, and the relation into that of principal and agent."

"The bank could have received the check conditionally, and have come under obligations to account to the holder for it, only in the event that on an examination of the account of the drawers, it was found that they had funds to meet it; or in the event that they provided funds for its payment. Or it could have asked for time to examine the accounts, that it might determine whether it would accept and pay, or dishonor the check. It would have been within the option of the holder to have accepted or rejected either of these propositions. But when the holder presented the check with his pass-book, that the check might be entered as a deposit to his credit, it was a request for the payment of the check; and as was in effect said in *Levy v. United States Bank* (4 Dall., 234), there can be no distinction between a request for payment in money, and a request for payment by a transfer to the credit of the holder. The making of any such distinction would be as impolitic on the part of the bank, as it would be unjust towards the individual, who accepts the credit instead of his money. It is not very material in what form a bank manifests its acceptance of a check drawn upon it. Whatever may be clearly intended by it as an acceptance, and is received by the holder as sufficient, ought not to be repudiated in courts of justice. The acceptance, by which we mean an acknowledgment that the check is good, is as clearly manifested by a transfer of it to the credit of the holder, as it would be by notifying or certifying it as good, when he may desire to use it in other transactions with strangers. It is not of importance that the transfer is shown only by an entry on the pass-book of the holder. There must be an interval during which that entry will be the only written evidence of the acceptance. The length of that interval depends wholly on the usages founded on the convenience, and the care and diligence of the officers of the bank in making entries on its own books. The entry

on the pass-book of the holder is the evidence usually given him, for his own purpose, in the ordinary course of business, to which he can resort to ascertain the state of his accounts—the indebtedness of the bank to him. The bank preserving for itself evidence of its transactions and liabilities may and will cause entries to be made on its own books. These, after acceptance of the check has been manifested by an entry to the credit of the holder on his pass-book, are no more than memoranda of a past, completed transaction. If there was no other evidence than such as is recited in the instructions we are considering, there would not be a presumption that the bank received the check for collection only, and in the capacity of agent for the holder. The presumption is of payment of the check by the bank voluntarily becoming the debtor of the depositor, taking upon itself the risk of securing it from the drawers. The *onus* [or burden] of removing that presumption rested upon the bank, and it could be removed only by evidence that such was not the intention, or from contemporaneous acts or declarations.”

ALBERT S. BOLLES.

[TO BE CONTINUED.]

COMMERCIAL EXCHANGES *

CHAPTER VI.

THEIR GOVERNMENT.

Democratic in Principles and Republican in form of Government—Equality in Membership—The Mechanism of Exchanges—Varying Forms of Construction—Their Officers and Managers—The Board of Directors, Trustees or Managers—Provisions of the By-laws and Constitution—Comparisons of Various Associations—Fountain of Their Laws—Purposes of a Charter—Rights and Powers Obtained—Duties of a Director, Manager or Trustee—Standing and Special Committees—Employees—The President and Vice-President—The Secretary—The Treasurer—The Superintendent.

The commercial exchanges and boards of trade of the United States, though democratic in their principles of organization, are purely republican in their forms of government. There are no grades or castes in their membership; every member stands upon an equal footing with every other member. All have the same rights and bear equal responsibilities. Each has a voice in the choice of officers, and, if chosen by his associates, is under no restrictions which debar him from holding office while he is in good standing in the association. The amount of capital that a member con-

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trols or the society he moves in outside of his business associates, will neither elevate or degrade him upon the floor of the exchange. Social position is laid aside when a member enters any department of these business institutions.

The theory of government is alike in the various forms of organization, and is simple in its order and principles. An examination into the mechanism and machinery through which the operations of these great mills of mercantile industry are woven into the fabric of commerce will furnish an interesting insight into their mission and usefulness in the business world. An inquiry into the duties of those chosen to manage the affairs of these commercial societies will enable us also to comprehend more fully the mechanism of their construction and the general basis of their foundation.

Their by-laws provide for annual elections of officers and managers. The officers chosen at this election vary in different organizations according to the ideas of those who were instrumental in the origin of the association, and who furnished the institution with by-laws. The rules in some cases provide for a board of trustees or directors to be chosen, and out of that body a president, vice-president, and sometimes other officers selected. In other associations the officers, at least certain of them, become members *ex officio* of the board of trustees, directors, managers, or whatever the supervisors of affairs are called, or by virtue of their position.

The officers then, we may say, are (1) a president; (2) one or more vice-presidents; (3) a treasurer; (4) sometimes a secretary; and (5) a board of managers, directors or trustees; (6) minor officers selected by the board of directors.

The title of this board of supervisors, as has been indicated, is not the same in all commercial associations. It is in some known as trustees, in others governing committee, it is sometimes termed executive committee, and not infrequently board of directors. But whatever title may be chosen (and the choice of a title is dependent more on the notion of the originators than on the peculiar nature of the association) the duties devolving upon the members are about the same in all exchanges. Board of directors, it may be said, is the title most commonly used in organizations of this character. Aside from, or next to the president, the officer next in authority is either the treasurer or secretary, sometimes one and sometimes the other. In a large number of associations, perhaps the most prominent in the country, the secretary is not elected, but receives his appointment from the board of directors, in some instances the treasurer is given his position by the same process, though it is more usually the case that the treasurer is chosen by an election of the entire body.

The board of directors, according to the prevailing rules, is

composed of the president, the vice-president, or possibly several vice-presidents if several are provided for by the by-laws, either the treasurer or secretary and sometimes both, and a number of members elected from the body of the organization. This arrangement is not followed in full by some associations. The by-laws of the Merchants' Exchange, of Nashville, say that "the officers shall be a president and six vice-presidents, who shall constitute a board of directors." The by-laws of the Chamber of Commerce, of Pittsburgh, prescribe that "The officers of this association shall consist of a president, seven vice-presidents and seventeen directors, who shall be elected annually," etc.

The rules of some associations, as has been noted, make provision for the members to elect the president and vice-presidents, and being so chosen they become *ex officio* members of the board of managers; again, in other associations the members choose only the board of managers, and these elect from among their number the president, vice-president and, perhaps, also treasurer or secretary, or both. Upon this point the Constitution of the Detroit Lumber Exchange says: "and the said president and vice-presidents (2) shall be elected by and from the board of directors at their first regular meeting," etc. The same association provides that the treasurer and secretary shall be appointed by the board of directors, but not from among the members of that body.

A common provision of the constitutions and by-laws of these commercial bodies gives wide scope to the duties and privileges of the board of directors. They are to manage the business affairs and concerns of the association or exchange, have full charge and direction of its property, and ordain rules and regulations for carrying out the objects of the association; look after the appointment and order the removal of subordinate officers and employees; arrange and decide upon compensation for services and many other details. Such are the powers generally conferred upon the managers, though in some institutions these powers are modified in certain particulars. In the Chicago Board of Trade the management of the real estate owned by the association is placed in the hands of a board of real estate managers, who are elected annually for that especial purpose. The real estate of the New York Stock Exchange is in the hands of a corporation distinct from the Exchange association, though the stock of the corporation is the property of the Exchange.

Commercial associations, as we have seen from the foregoing, are like other corporate or associate bodies with republican forms of government. The fountain of their laws and rules is either a charter or a constitution, or both. In most instances a charter is made to serve the purpose of a constitution. From this springs their right of existence, and their power and authority of associ-

ation as a body corporate. The source of power and authority of an unincorporated association is the constitution which becomes the fountain of existence by having been agreed to by the members comprising the society. It is therefore a charter by agreement. Incorporated bodies receive their power of authority through a charter granted by the Legislature of the State in which they are located. It has no powers, rights or privileges, except those embodied in the charter, and its rules and by-laws must conform in every particular to legislative enactment upon which the corporation is founded.

The by-laws of a commercial association are the laws enacted by its members, based upon the authority given them under the charter or constitution, though of less general importance than the articles set forth in the organization papers. They deal more especially with the details of the association, and while subservient to the charter or articles of association, they are equally important in accomplishing the practical objects for which the association was founded. A clause in the charter usually provides that "the said corporation shall have power to make all proper and needful by-laws not contrary to the Constitution and Laws of the State (granting the charter) or of the United States." But these by-laws must not conflict with any part or portion of the charter, however needful they may seem for the welfare and prosperity of the association.

By some authorities the by-laws of a commercial association are looked upon as holding in their governing functions the domain of an ordinary constitution, or what, in some other bodies, would be termed their constitution. However, as every organization of this character existing as an incorporated body is protected in its constitutional rights and privileges by a charter, it seems more consistent to consider such charter a substitute for a constitution.

Referring in general terms to the powers granted by charter to trade associations in the United States would come the following: the choosing of a corporate name; a specified term of existence or privilege of perpetual succession; right to make and use a common seal, and to alter the same at pleasure; to sue and to be sued; to plead and to be impleaded; to take and hold by gift, grant, purchase and devise, both real and personal property, and to dispose of the same; and to make such by-laws and rules as may be deemed wise and proper for the accomplishment of its objects. Many charters go much further than this in granting powers and privileges, such, for example, as the right to adjust by arbitration, controversies and disputes between members, and even between members and other persons; the power to establish just and equitable principles in trade; to maintain uniformity in its rules, regulations and usages; to adopt standards of classification; to acquire,

preserve and disseminate useful information connected with markets and all commercial and maritime affairs, to decrease local risks attendant upon business, and to promote the trade and commerce of the city, State, and of its members especially.

SELDEN R. HOPKINS.

[TO BE CONTINUED.]

THE INDUSTRIAL WAR.

[We print the communication below, not because we adopt or endorse the views contained in it, but because it is a temperate statement of a doctrine in respect to the taxation and ownership of land, which is more or less agitated at the present time. Many of our readers may like to see by what sort of reasoning such a doctrine can be attempted to be sustained. We doubt very much whether mankind would be benefited by reducing it to practice, and feel altogether sure that any such economic change is not likely to be made.—ED. BANKER'S MAGAZINE.]

Few comments on the labor troubles, depression of trade, weak markets, etc., contain so much wisdom and moderation as the above entitled article in the BANKER'S MAGAZINE for June. The situation is fairly stated, several of the causes calmly considered, and some of the oft-repeated remedies advanced by theorists are referred to. The article acquires additional merit in that it contains an earnest, honest inquiry for a remedy.

The questions appearing upon the surface are: "Is the earth too small?" "Are there too many laborers?" "Will free trade relieve us of our surplus products?" "Can we hope for anything from municipal reformation?" These questions are well worthy our attention, as their determination will lead us to a safe solution of the great problems agitating the commercial world to-day.

Considering our expansive territory, over large portions of which the traveler may express-train it for hours without seeing a vestige of civilization—square miles of fertile soil upon which God's sun is shining and His rain falling—we cannot avoid the conclusion that with but nineteen inhabitants to the square mile the over-population question has not yet reached us. Have we too many laborers? So long as the larger portion of our population are but half fed, half clothed and half housed, it would seem, in a land of so much fertility and with such vast natural resources, that labor would be in demand to supply our people with a full quota of life's necessities and a few of life's comforts, none of its luxuries. Will free trade relieve us? Do not free trade countries develop the same symptoms of which we and other protective nations complain?

Are they not seeking a consumer in every portion of the civilized and uncivilized world, and worrying about their home market just as we are doing? No evidence is required to corroborate so plain a state of facts. Would economy in government raise the blockade and hurry forward our products to waiting markets? As shall appear later, the saving thus resulting would not affect our markets beneficially, and if it affected them at all it would be otherwise.

What, then, will cure this "social misadjustment" that prevents the constant employment of every energy, thought and imagination, of our railroads and telegraphs, our factories, and the millions of dollars that lie idle for long periods in bank vaults?

Employment, in the first place, whether of capital or labor, is synonymous with production, if the employment be useful. The volume of production, and therefore of employment, must depend upon consumption. If, then, we can find any cause that directly or indirectly causes a decrease or increase of consumption, to that cause we must look for an explanation of our business depressions, our labor troubles, apparent over-production and over-population.

A simple illustration will serve to show how consumption may be crippled in some channels and wholly destroyed in others. We will suppose that A is a tiller of the soil, that B is a shoemaker, that C is a furniture maker and that D makes jewelry. Under natural laws of trade each of these four will exchange his own products for the products of the other three, until all are supplied with the four classes of products. Now, should F step in and take any portion of these products, without giving something that he has produced in return therefor, the result would be that the four, assuming no change in the facilities of production, would have to work a greater number of hours per day to enjoy the same amount of these products that they had before the interference of F. Should F take half of A's farm products, of B's shoes, of C's furniture and of D's jewelry, without giving them anything in return, they would be obliged to work double time to sustain the former rate of production and consumption.

What is true of these four producers and their products would be just as true of ten thousand producers and ten thousand products. Any process or system that takes from these producers any portion of their products without giving something that is the result of labor in return, must have a disastrous effect on our modern system of production and exchange. But D, the producer of jewelry, in our illustration, would be most affected, and so the producers of luxuries and the higher qualities of products under our modern system would feel the effect of F's operations first. The farmer, and shoemaker and furniture maker, instead of overworking themselves to sustain the former rate of jewelry consump-

tion, would deny themselves this luxury, cease to exchange with D, and confine themselves to the more necessary articles. As a result D's business would decrease, and a necessary waste and decrease in his plant and the number of his employes would follow. A great part of the capital engaged in the production of jewelry would thus be forced into the production of potatoes and wheat, shoes and furniture, and cause at once in these departments of industry an over-production. And by this annihilation of D, one consumer would be subtracted from and one producer added to the other three classes of products. That is, D would be forced to join A B & C, thus practically adding *two* laborers to the labor market.

This paralyzation in the departments of industry which produce the higher order of articles for consumption, such as jewelry, silks and satins, fine tapestries and furniture, the higher grades of groceries, etc., etc., thereby forcing thousands upon thousands who should be amply employed in these departments into the ranks of those producing the necessities of life and the lower grade articles, would cause an over-supply in the labor market, and the question would at once suggest itself: "Have we too many laborers, and is the earth too small to accommodate all its inhabitants?" We have not too many laborers, nor is the earth too small. F has superinduced this unnatural commercial condition by forbidding the consumption, and therefore the production of many of those articles which everyone would enjoy and consume were his purchasing power sufficient to obtain them.

But who is F? He is not a mountain brigand, that pounces down upon the toiling villager and forces him to give up part of his product without rendering a consideration; nor is he an ocean pirate, that surprises and carries off the ship and cargo while it is engaged making exchanges. A supposition that he is either would be justified by our statement that F takes without giving a consideration and the general belief that by no process, save by taxation, can anyone take the goods of another without rendering an equivalent, unless that process be brigandage, robbery or piracy. But F is none of these. He is operating legally under a system established hundreds of years ago—a system whose deathly breath is blighting even this fair land, and reducing its sons, slowly but surely, to the condition of the sons of overcrowded Europe. It is this system that is raising among us kings and princes of wealth and influence, and reducing to degradation and ignorance the great masses of the people. This it is that tells us that labor troubles are not temporary, but must continue until the system itself produces that stratification of society so apparent in all Eastern countries. When the stratification of our society, now going on so rapidly, shall have hardened it into the lower, middle and upper

classes, poverty and ignorance the galling chains of the lower, luxury and power the ready weapons of the upper, with the middle helplessly sandwiched between; when this stratification is thoroughly accomplished, with its large standing army, its pampered guard, its prisons gaping wide to receive those that the law has rushed through with lightning-like rapidity, then, but not until then, may we look for a cessation of labor troubles, because these troubles are merely external phenomena of an unfinished process.

To continue our illustration, we will suppose that A, B, C, D and F dwell upon an island in the middle of the ocean, the fee simple of which island is vested in F. Now it is plain that if F is seized of a fee simple to the island he has the power of dictating the terms upon which any one shall occupy any part of that island. That is, he can take as rent any portion of the products of these four producers and consumers, or oust them, which would be to drive them into the ocean. And we might say in passing that he could do no more were these four his slaves. Seeing that the law has given him this power, we may recall the effects of its exercise which we have explained. What is true of A, B, C, D and F on this island is just as true of ten thousand producers and consumers on any body of land, such as the United States, or of that larger island 25,000 miles round and 8,000 through, whose shores are washed by the seas of immeasurable space. We need go no further than this for an explanation of these troubles. Every community is made up of A's, B's, C's, D's and F's, and no one is unacquainted with the term rent. It is rent that has reduced Ireland to a condition that has made her the object of charity for almost the civilized globe.

"But you say F takes without giving an equivalent. Does he? Do they not get the use of the island for the rent they pay?" It must be admitted that the use of land is in law a valid consideration for any part and often all of a producer's or consumer's products. But the law did not make the island, nor did F make it, and when we say that F takes without rendering a *quid pro quo*, we say truthfully. F is seized in law of a privilege of taxing his fellow-men for his sole benefit, and the exercise of this privilege is not limited by law, nor is it subjected to competition, so that with increase of population or increase of production the share going to F may continually increase—even to such an extent that the producers and consumers of wealth—that is, the capitalist and laborer—are limited to the production, transportation and consumption of the barest necessities.

Any one who has observed the rapid advance in real estate values on Manhattan Island on account of the rapid development of our country will see the aptness of our illustration. Land has no value without labor, and its value rises and falls with its power as an instrument of taxation of taking a larger or smaller share of the prod-

ucts of labor. In a country like this, with such facilities for interchanging products, Manhattan Island can exact tribute from the workers of the whole nation, because the tax levied on the real inhabitants of the island are in part collected by the additional cost to consumers of all articles passing across it. The same is true of all cities that contain estates ranging in size from ten to ten thousand buildings. And the country, too, that is divided into tremendous estates of from 1,000 to 1,000,000 acres, becomes in this way a congregation of special privileges of taxation for the sole benefit of estate owners. A case near at home will illustrate this idea. The telegram announcing the death of the Hon. David Davis refers to his accumulations in this manner:

"The estate of Senator Davis is accurately estimated at \$1,250,000. His residence in Bloomington is worth \$50,000. He has in McLean County, Ill., 7,500 acres of land worth \$70 per acre; in DeWitt Co. 3,250 acres, worth \$50 per acre; in Macon Co. 580 acres, and in three other Illinois counties 120 acres. He has a large amount of property in Canalport Avenue, Chicago, and 168 town lots in Bloomington, besides land in Iowa, Kansas and Texas." Of one thing we are certain, and that is that Mr. Davis was not a farmer, but a jurist; yet, by these figures, he owned in Illinois alone 73 farms of 160 acres each, and 168 lots in Bloomington. Now, had his ownership of land been confined to his Bloomington home, how much better off would the laborers on these 73 farms be, who, by their labor, and by the privilege the system gives to Mr. Davis of taxing them, have made some of the land worth, *to Mr. Davis, not to the laborers*, \$50 and some \$70 per acre. Had the law prohibited the ownership of the 168 town lots in Bloomington, who can tell how many working men might in that town have owned their homes and been independent, intelligent and law-abiding citizens? Had the ownership of the Chicago property been confined to the actual users, how much would have been added to the purchasing power of those owners and users. Senator Davis is not the object of our attack, but the system which builds up so great an estate by burdening capital and labor throughout the country is. Land, it must be remembered, is not capital. It is a gift of nature, and for its enjoyment no one should be charged any more than he should be for the enjoyment of those other gifts of nature—water, light and air. But, by permitting land to be thus made an instrument of taxation, the purchasing power of our masses is being continually reduced, and with the reduction our merchants and manufacturers find it harder and harder to do business at a profit, if it be possible to do business at all.

This monopoly of land, and the consequent reduction of the purchasing power of the majority of consumers, by which our home market is stifled, is to be referred to as the direct cause of the

weakness of foreign markets. All over the world, in every land, producers are yielding a large proportion of their products to the owners of large estates, and yielding in this way their power of trading with—that is, consuming—the products of other laborers. The owners of these large estates of the world, however, much they may consume and waste in reckless extravagance, are too few in number to keep employed any large body of laborers or any great amount of capital. Monopolization of land in the United States will explain why so slight a share of the forty billion dollars added to the National wealth in three decades went to labor, and why, also, of the \$10 per capita increase in 1885 there was but \$2.16 increase to the laborer.

Governmental economy, that is, a reduction in taxes, has been suggested as a remedy for bad markets. But as the evil is in the monopolization of land—farm land in the country and town and city lots in the centers of population—a decrease in taxes on these speculative holdings would encourage such speculation, and in this way enable the large estates to purchase more territory and exact still higher rents, which, as we have shown, is but the reduction of the purchasing power of the tenants. A complete change in our system, by which all personal property would be exempt and all unimproved land taxed as heavily as improved, would almost immediately set free our industries, and give employment to our idle laborers. The land, being common property, can logically and legitimately be looked to as a fund out of which all common expenses shall be paid. With land bearing the whole burden of taxation, real estate speculation, that most dangerous and pernicious of all speculation, would be checked. Vacant lots, taxed equally with improved lots, could not be carried without heavy loss, buildings would go up—as these would be exempt from taxation—tenants would be sought, competition would in this way be forced upon landlords, rents would fall, and with their fall wages and interest would certainly advance.

The law of competition fixes rates of wages, statute law fixes rates of interest, but no law has yet fixed the rates of rent, limited land ownership, and stopped the depredations committed openly and constantly by F. When the law is invoked to do these things, interest, or the wages of capital will increase with the wages of labor, and increased rates of interest with increased rates of wages will stimulate consumption, reinvigorate production, give employment to all, and replace a condition of destructive industrial war with one of continuous productive industrial peace.

JAMES P. KOHLER.

THE ECONOMIC CRISIS AND ITS CAUSES.

The economic crisis, which has already lasted ten years, is becoming yearly more and more acute. In every direction workshops are closing, blast furnaces are being put out, and factories and dockyards are dismissing half their workmen. The latter, whose lot is often said to be improving, finding themselves without employment, clamor for either work or for pecuniary assistance. None, I think, will deny that the immediate cause of all this suffering is the excessive fall in prices. The price of agricultural produce, and more especially of manufactured stock, is, as Mr. Mulhall recently demonstrated in his *History of Prices*, now lower than in 1850.

But what is the reason of this extraordinary fall in prices? Many economists and statisticians—among others, Mr. Mulhall, in England, and M. Paul Leroy Beaulieu, in France—attribute it to improved methods of transport, to better machinery, to the telegraph, to different modes of fabrication, and to fresh soil being laid open to cultivation. But, in the first place, it would be strange that all this progress, which brings with it an increase of riches, should result in universal distress and want; secondly, the fall in prices affects all produce, even when the supply has increased but slightly, or even not at all; and, thirdly, between the years 1850 and 1870 this progress was far more marked than between 1870 and 1886; and yet, as Messrs. Soetbeer and Jevons and the *Economist* show, prices increased during the twenty years which succeeded 1850 from 18 to 20 per cent. How can the same cause produce a precisely opposite effect after 1870 to that produced during the preceding period?

It is quite certain that the intense crisis from which the entire world, with the exception of India, is now suffering, is induced by several causes; but, amongst these, chiefly by one to which England has, I think, not sufficiently turned her attention, although the *Edinburgh* and other reviews have published several excellent articles on the subject. This cause is the ever-growing scarcity of gold, and the monetary contraction thence resulting: it was remarked long before the crisis broke out, not only by bimetallists, such as Wolowski, Seyd, and myself, but also by the monometallist *Economist*, which, now that these predictions are realized, either forgets or denies them.

In 1869 the *Economist*, reviewing the previous financial year, wrote as follows:

"It may be safely affirmed that the present annual supply of thirty millions sterling of gold is no more than sufficient to meet the requirements of the expanding commerce of the world, and prevent the pressure of transactions and commodities on the precious metals, which means, in practice, prices and wages constantly tending towards decline. The real danger is that the present supply should fall off, and among the greatest and most salutary events that could now occur would be the discovery of rich gold deposits in three or four remote and neglected regions of the earth."

Unfortunately, instead of the discovery of new gold fields, there ensued a falling off in the production of the old ones, and, at the same time, after the victory of Germany over France, and the payment of the war indemnity of £200,000,000, the latter country at once adopted the gold standard. In the financial review of 1872, published in March,

1873, the *Economist* predicted the inevitable consequences of this measure in these terms :

" By the present bill the German Government is certainly paying England the compliment of adopting its single gold standard, but the cost of the measure to the London and other money markets cannot but be great. As the annual money supply of gold throughout the world is reckoned at little more than £20,000,000, and the usual demand for miscellaneous purposes is very large, it follows that, if the German Government perseveres in its policy, the strain upon existing stocks and currencies will be most severe. Unless the annual production of gold should suddenly increase, the money markets of the world are likely to be perturbed by this bullion scarcity."

Could the facts now taking place have been foretold in language more precise ? The scarcity of gold was predicted also by Bagehot, who wrote thus in 1877 :

" During the eighteen years which elapsed between 1858 and 1875, the importations of gold into England amounted to £331,179,000 sterling, the exportations to £251,413,000 sterling. The total absorption during that period was, therefore, £79,766,000 sterling, or about £4,432,000 a year, or, in other words, one-fifth of the total production. If Germany and America, and, let us say, the Latin Union, were to adopt the gold standard, the supply of this metal would scarcely suffice, and the money markets of the world would in all probability be seriously affected by this scarcity."—*Depreciation of Silver*, pp. 79, 80.

Since these lines were written, not only has the production of gold fallen to £18,000,000 per annum, but also, as all civilized countries, including even South America and Japan, are closing their mints to the coining of silver, they are, in point of fact, establishing a single gold standard.

The following are a few quotations which also prove how clearly the disadvantages of monetary contraction were foreseen :

" The United States might take the single gold standard like ourselves, and this is what, till very lately, every English economist would have advised them to do. The evils of this plan had not then been seen."—*Economist*, Sept. 2, 1876.

In a speech pronounced at Glasgow in November, 1873, Disraeli thus expressed himself :

" I attribute the monetary disturbance that has occurred, and is now to a certain degree acting very injuriously to trade—I attribute it to the great changes which the Governments in Europe are making in reference to their standard of value ; our gold standard is not the cause of our commercial prosperity, but the consequence of our commercial prosperity. It is quite evident we must prepare ourselves for great convulsions in the money market, not occasioned by speculation or any old cause which has been alleged, but by a new cause with which we are not sufficiently acquainted."

On March 29, 1879, Lord Beaconsfield spoke thus :

" All this time the produce of the gold mines of Australia and California has been regularly diminishing, and the consequence is, that while these great alterations of currency in favor of a gold currency have been made, notwithstanding an increase of population, which alone requires always a considerable increase of gold currency to carry on its transactions, the amount every year diminished, until a state of affairs has been brought about by gold production exactly the reverse of that which it produced at first. Gold is every day appreciating in value, and as it appreciates in value, the lower become the prices. It is not impossible that, as affairs develop, the country may require that some formal in-

vestigation should be made of the causes which are affecting the value of the precious metals, and the effect which the changes in the value of the precious metals has upon the industry of the country and upon the continual fall of prices."

The first point to be examined is this: Can the scarcity of gold be the cause of a general fall in prices? On this subject Mr. Mulhall expresses a very extraordinary opinion, wholly opposed to facts. "The best authorities," says he, "except Jevons, maintain that the supply of the precious metals has no perceptible effect on prices, a fact which the last thirty years fully confirm" (*History of Prices*, p. 11). He should not except Jevons only, but all English and European economists who acknowledge that prices are dependent on the ratio existing between the exchanges to be accomplished and the existing amount of metallic or other means of exchange. I think the question is nowhere more clearly explained than in Mill's *Principles of Political Economy*, book iii., chap. viii., § 3, where we read: "The value of money depends, *ceteris paribus*, on its quantity, together with the rapidity of circulation;" and again, farther on: "An increase of the quantity of money raises prices, and a diminution lowers them. This is the most elementary proposition in the theory of currency, and without it we should have no key to any of the others" (People's edition, p. 301). Mill, after this, devotes a paragraph to the explanation of the limits of this principle.

This theory has been most violently attacked in Germany, where it is known as the *Quantitäts Theorie*. Even some bimetallicists, and among others M. Otto Arendt, have joined in the attack. It seems to me that, if due weight be given to the words "*ceteris paribus*," which Mill says should be added to every economic proposition, it will be found at once that his theory cannot be assailed. The "*ceteris paribus*" condition no longer exists—first, if means of credit be more largely employed, and, secondly, if the volume of the exchanges to be accomplished varies. For instance, after the discovery of America, between the years 1493 and 1544, the production of gold and silver rose, according to Soetbeer to £1,500,000 per annum—*i. e.*, ten or twelve times the previous production—and yet prices rose very slightly, owing to a concourse of circumstances having increased the demand for cash: first, the substitution of payments in money for payments in kind; secondly, the maintenance of permanent armies, lengthy wars, and centralization; and, thirdly, the development of trade and commerce. The same phenomenon was observable after 1850. Between 1841 and 1850 the annual production of the two metals amounted, according to Soetbeer, to 293,252,000 marks or shillings (£14,667,600). In the five following years, from 1851 to 1855, it rose to £35,528,400; from 1856 to 1860, to £36,880,950; from 1861 to 1865, to £38,821,750; and from 1866 to 1870, to £41,533,850. Thus, the production nearly doubled in twenty years, whereas prices only rose about 15 or 20 per cent. Why? Because the placers of Australia and California gave such an impetus to international commerce in general, and to such enterprises as railroads in particular, that, in spite of credit being more extensively used, ample employment was found for the newly discovered gold.

Apart from the rise or fall in prices resulting from the increase or decrease in means of exchange, all goods are subject to changes in value under the influence of the law of demand and supply. For example, although the purchasing power of cash has fallen to less than one-fourth of what it was in the middle ages, or, in other words, although prices are now four times what they then were, the price of cloth and of linen has not increased, because, thanks to the invention of machinery, the cost of production of these articles has considerably diminished.

These are some examples of the restrictions which the theory of the value of money depending on its quantity necessitates, and they should be very carefully borne in mind. Nevertheless, when one sees a variation in the production of means of exchange, accompanied by a general variation in prices, it is difficult not to connect these two phenomena. For instance, I believe that no economist has ever contested that the general rise in prices which took place between 1530 and 1800, and that which followed the afflux of Australian and Californian gold after 1850, were due to an increase of monetary circulation. M. Paul Leroy Beaulieu goes so far as to affirm that, had it not been for the extraordinary production of gold after 1850 France would have been bankrupt (*Sciences des Finances*, vol. i, chap. ii., p. 323). If it be true that the increased production of gold after 1850 led to a rise in prices, how is it that just the reverse—that is to say, a diminution in the production of gold, aggravated by the proscription of silver—does not induce a fall in prices now?

Mr. Mulhall and Mr. Atkinson deny the possibility of an "appreciation" of gold, because since 1850 the quantity of gold in circulation has doubled, whereas the population has only increased 40 per cent. But such general statistics as these throw no light whatever on the problem. The important point is the situation created in Europe by the decision of the different Governments as regards money after 1873—that is to say at the commencement of the present crisis. As Mr. Grenfell stated, in a speech delivered at Manchester on the 16th of February last, Germany coined 85 millions sterling and the United States 120 millions, while the resumption of metallic payments in Italy absorbed 16 millions. Here we have a total of 220 millions—an amount equal to the whole production of gold for the last ten years. Gold, like water, if spread over a larger expanse of territory, lowers in level at its original basin.

Messrs. Mulhall and Atkinson do not take sufficiently into consideration the amount of gold consumed in jewelry and art. They seem to ignore the valuable researches recently made on this subject by M. Soetbeer, and published under the title of *Materialien zur Währungsfrage* (Berlin, October, 1885). This volume ought to be translated into English, and certainly should form a basis for all discussions on the monetary question. According to these researches, jewelry and the arts, after due allowance has been made for the re-employment of old gold, absorb yearly 90,000 kilograms of pure gold, or about £12,000,000. As Mr. Moreton Frewen remarks, this great mass of gold, far from relieving and expanding the currency, must have caused still further appreciation of gold, because more gold would be required in the currencies to measure and effect the exchange of this volume of the metal sucked into commodities. Cliffe Leslie also demonstrated this point most clearly.

As regards the use of the precious metals in art, there is one very important phenomenon which has not yet attracted notice, and which proves to how great an extent money differs from other merchandise. In the case of all other goods, when production diminishes and consumption augments, a rise in prices prevents a too great increase of demand. For money metals this is not the case, because trade can always obtain the metal from the monetary stock at the fixed mint value by melting coin. The very last kilogram of gold in France may be procured by any jeweler for 3,100 francs, and everywhere else in the same way. Messrs. Mulhall and Atkinson, on the contrary, consider the mass of gold to be met with under the form of jewels and gildings, &c., as playing the same part as money. And this is a great mistake.

It can no longer be concealed that the gold budget presents a really alarming aspect. We have just seen that, according to M. Soetbeer's

calculations, £12,000,000 are annually absorbed by the arts. The employment of gold for jewels, &c., is everywhere on the increase, and especially in the United States, where, according to the statistics of Mr. Burchard, Director of the Mint, 14,459,464 dollars in gold were absorbed during the year 1885. The amount of gold imported into India is also notably on the increase. Between the years 1881 and 1884 the excess of imports over exports of gold was £18,913,370 sterling—a yearly average of £4,728,342. If losses and wear and tear are taken into consideration, there remains only *one million sterling* to cover the monetary requirements of the entire world, with all its growing population and trade. Should not this single fact suffice to open the eyes of English statesmen, if they could, for a single instant, turn their attention in this direction?

The quantity of gold available for currency being insufficient, now that silver is proscribed, it is quite certain that we are approaching a universal *régime* of paper money. In England it is already proposed to make a first step in this direction by the introduction of one-pound notes, which would have the effect of banishing from the circulation a quantity of metal equal to the value of the notes emitted.

If all who deny the scarcity of gold would but take the trouble to closely study this question, they would very quickly convince themselves of the reality of the phenomenon. It is only necessary to cast a glance at the amount of money coined in the principal countries of Europe. Formerly so important, it has now almost wholly ceased. In England, £4,000,000 sterling used to be coined yearly. Here is a list of the coinage there since 1878: 1879, £35,050; 1880, £4,150,052; 1881, £0; 1882, £0; 1883, £1,403,713; 1884, £2,324,025—during six years an average of £1,318,805, inclusive of the recoinage of sovereigns under weight, which, of course, adds nothing to the monetary stock. France, between the years 1850 and 1870, annually coined an average of about 300 million francs. Here are some more recent figures: 1879, 24 million francs; 1880, none; 1881, 2 millions; 1882, 3 millions; 1883, none; 1884, none—an average of less than 5 millions. It should be observed that the 5 millions coined in 1881 and 1883 were 100-franc pieces for the gaming tables at Monaco. Belgium coined as follows: In 1879, 0; 1880, 0; 1881, 0; 1882, 10 million francs (German gold remelted); 1883, 0; 1884, 0. The Netherlands: In 1879, 5,810,360 florins; 1880, 501,000; 1881, 0; 1882, 0; 1883, 0; 1884, 0. Italy: 1879, 2,929,320 francs; 1880, 2,590,660; 1881, 16,860,560; 1882, 139,523,040; 1883, 4,069,500; 1884, 322,100. Austria, since the adoption of paper money, has coined about five millions worth of florins in gold yearly (the florin is worth two shillings), a great portion of which gold is from her mines in Transylvania. Russia alone, of all the European States, continues to coin extensively, but the Russian imperials make their way to Germany, where they are transformed into marks and exported, thus disappearing from European circulation. Russia coined as follows: In 1879, 36,125,040 roubles; 1880, 31,300,056; 1881, 27,144,051; 1882, 22,735,045; 1883, 30,407,056; 1884, 23,126,038. Germany: 1879, 46,387,060 marks (the mark worth a shilling); 1880, 27,992,240; 1881, 15,521,220; 1882, 13,307,080; 1883, 88,287,470; 1884, 57,661,740. Until the year 1879, Germany annually acquired and retained additional gold; since that date she has lost every year. Her excess of gold exportations (Soetbeer's table) was for 1880, 8,883,000 marks; 1881, 31,567,000; 1882, 10,585,000; 1883, 21,278,000; and 1884, 14,659,000.

But in England this change is far more disquieting than in any other country. According to Bagehot's table, to which I have already referred, between 1858 and 1878 England annually absorbed £4,432,000

of gold. Since 1878 exactly the contrary phenomenon is observable, as the following statistics clearly prove. Excess of gold exports (—) or imports (+): 1877, —£4,919,401; 1878, +£5,902,903; 1879, —£4,210,143; 1880, —£2,373,961; 1881, —£5,335,831; 1882, +£2,352,755; 1883, +£664,435; 1884, —£1,268,431. Thus, between 1877 and 1884, instead of absorbing, as previously, £4,000,000 per annum, we see that she lost £7,940,408. Add to this the £2,000,000 yearly consumed by the arts, and we find that the monetary stock in England has diminished since 1877 to the extent of £24,000,000. As Mr. Fremantle, the Director of the Mint, estimates that the amount of gold coin in England is about £120,829,000, it is evident that about one quarter of the stock has already disappeared.

There is one important and recent phenomenon which merits special attention. It is this—the principal gold-producing countries, America and Australia, are rapidly developing as regards population, riches, and industrial and commercial activity, and they consequently retain for themselves an ever-increasing share of the gold extracted from their mines, and also absorb a portion of the European circulation. Whereas in the Old World the coinage of gold is reduced almost to a minimum, it is increasing rapidly in Australia, and in the United States still more so. In England between 1879 and 1884 the gold coined amounted to £7,922,830; in Australia, during the same period, the coinage of gold was £24,112,000, and in the same length of time the United States coined 381,955,000 gold dollars. The mines of the United States produced 231,000,000 dollars during these seven years; the coinage of the country, therefore, exceeded the production by 150,000,000, dollars, and this excess was of course supplied by gold from the outside world.

—*Emile de Laveleye in the Contemporary Review.*

[TO BE CONTINUED.]

ADVANCING MONEY ON UNIDENTIFIABLE GOODS.

The Consolidation National Bank v. Heermance, Dickinson & Co.

A case has recently been decided in New York of considerable interest to bankers. It arose on a state of facts which appears from the judgment record on file in the County Clerk's office in New York City, to be substantially as follows:

Brooks, Miller & Co. were a firm doing business in Philadelphia. They were the factors and consignees of several manufacturing firms and companies in Pennsylvania, and they made advances to such consignors on goods which were consigned. The merchandise was sent to New York, and stored with Heermance, Dickinson & Co., who issued to Brooks, Miller & Co. negotiable warehouse receipts for the same, each receipt stating that it was issued for a certain number of cases, giving no distinguishing mark or specific number by which any particular case might be identified. Brooks, Miller & Co. borrowed money on these warehouse receipts, and at the time this action was begun the Consolidated National Bank held certain of such receipts as security for loans; and the Western National Bank held others of such receipts in the same way; and Isaac Jeanes & Co. were also the holders of certain of such receipts for money loaned by them to Brooks, Miller & Co.

Brooks, Miller & Co. failed, and in the Autumn of 1884, made an assignment for the benefit of creditors to Harlan. It seems that a secret

arrangement was made between Brooks, Miller & Co. and the warehousemen by which the goods that were in store at the time the warehouse receipts were respectively issued were taken out and sold by Brooks, Miller & Co., but as fast as such goods were taken out other cases of merchandise were substituted for them, so that at the time this action was brought there were enough cases of goods in the warehouse to respond to all the warehouse receipts that had been issued, and that were in the hands of the pledgees; and the substituted goods were, by an arrangement between Brooks, Miller & Co. and the warehousemen, to be held as security for the original receipts.

The Philadelphia National Bank and the Millville National Bank were unsecured creditors of Brooks, Miller & Co., having discounted the acceptances of Brooks, Miller & Co. of drafts drawn by certain of the consignors. These unsecured banks began separate suits in New York on the paper, against Brooks, Miller & Co., and the drawers of the paper, namely, the consignors of that firm; and such unsecured creditors caused attachments to be issued on the ground of the non-residency of Brooks, Miller & Co., and of such consignors. Under these attachments the Sheriff of New York levied on the merchandise in the storehouse of Heermance, Dickinson & Co., for which merchandise the warehouse receipts had been issued.

If the attachments were maintained the result would be to take the merchandise which was intended as security to the holders of the warehouse receipts, to pay the unsecured banks the amount of their claims against Brooks, Miller & Co. and the consignors.

The holders of the warehouse receipts demanded from the warehousemen a separation and setting apart of enough cases of merchandise to answer to their respective receipts. This demand was refused by the warehousemen on the ground that the outstanding attachments prevented their complying with it. Thereupon the Consolidation Bank brought a suit in the New York Supreme Court in the nature of an interpleader, and for a determination of the rights of the respective parties; and in this suit the warehousemen, the holders of the warehouse certificates, the attaching banks, the consignors, Brooks, Miller & Co., Harlan, the assignee, and various claimants of specific cases of merchandise, and the Sheriff of the City of New York were all made parties. The real contest was between the holders of the warehouse receipts, the attaching banks and Harlan, the assignee.

The holders of the warehouse receipts claimed a right as pledgees against all of the other defendants. The assignee claimed by virtue of his assignment. The attaching creditors, the Philadelphia National Bank and the Millville National Bank, claimed that by reason of the want of identifying marks and numbers, and the changes which had taken place in the goods in store, the holders of the warehouse receipts had no rights in the goods, and they also claimed that the assignment of Brooks, Miller & Co. to Harlan was inoperative because it did not conform to the requirements of the Statute of the State of New York with reference to insolvent assignments.

The cause was referred to Mr. Hamilton Cole, a Referee of the Supreme Court, who, in deciding upon the rights of the parties, has held as follows:

1st. That the legal title to the merchandise was not in Brooks, Miller & Co., but that whatever title they had, passed under the assignment to Harlan, the Assignee.

2d. That the attachments of the Philadelphia National Bank and the Millville National Bank were ineffectual to create a lien, as they could only act upon a legal title of the defendants in the attachment.

3d. That the assignee of Brooks, Miller & Co., not being a purchaser, but merely standing in the shoes of that firm, was estopped, as the firm itself would have been, from setting up any informality in the receipts, and from setting up that any change could be made in the goods which would affect the rights of the pledgees.

4th. That the holders of the warehouse receipts were tenants in common with the assignee, of all the merchandise that had been deposited in the warehouse by Brooks, Miller & Co.; and inasmuch as the merchandise had been sold by a Receiver of the Court, the fund arising therefrom should be distributed among the holders of such receipts in the proportions their several holdings bore to the whole fund, and the balance was awarded to Harlan, assignee.

The Philadelphia National Bank and the Millville National Bank were condemned to pay costs and extra costs of the litigation, and a judgment in accordance with the decision of the Referee has been entered in the Supreme Court.

The cause was argued by Mr. Stickney for the Consolidation National Bank, Mr. Edward Patterson for the Western National Bank, and Isaac Jeanes & Co.; Mr. John L. Cadwalader and Mr. I. L. Hall for the Philadelphia National Bank and the Millville National Bank; Mr. W. A. Butler for Heermance, Dickinson & Co.; M. J. Doshier for Mr. Harlan, the assignee; Mr. Brewster for Lees & Co.; and Mr. Murray for Shipley & Co.

There has been a similar litigation in Pennsylvania, between the Western National Bank of Philadelphia and the assignee of Brooks, Miller & Co., growing out of the failure of that firm. Brooks, Miller & Co. having on deposit with Fitzpatrick and Pemberton, warehousemen in Philadelphia, certain cases of merchandise, pledged with the Western National Bank, as collateral for a loan, the warehouse receipts issued for forty of those cases of merchandise. Brooks, Miller & Co., by arrangement with the warehousemen from time to time, made substitutions of merchandise so that at the date of their assignment for the benefit of their creditors, there were on deposit in the warehouse seventeen of the cases of merchandise which had been on deposit at the date of the issue of the warehouse receipts, and a large number of other cases, including twenty-three cases which had been deposited in lieu of a like number of the original cases. The Bank claimed those seventeen cases and also those twenty-three cases so substituted, and the warehousemen, having been notified of that claim, declined to surrender the cases to the assignee. Whereupon the assignee brought an action of replevin in the Court of Common Pleas No. 2, in Philadelphia, against the warehousemen, and the Bank having intervened as claimant, a case setting forth the facts as above was stated for the opinion of the Court. After argument, the Court of Common Pleas No. 2 entered judgment in favor of the Bank, and upon a writ of error that judgment was affirmed in the Supreme Court by a *per curiam* judgment, the ground of decision being that the transfer of the warehouse receipts by Brooks, Miller & Co. to the Western National Bank was a transfer of all the right which that firm had to forty of the cases of merchandise then in store and that, as between the parties to the transaction, those warehouse receipts must be held to apply to and to cover those cases which Brooks, Miller & Co. substituted for the cases removed, and that the assignee for the benefit of the creditors of Brooks, Miller & Co. not being a purchaser for value, and being only the representative of that firm, could not assert any greater right as against the bank than that firm could. The cause was argued by Mr. W. C. Hannis for Mr. Harlan; and by Mr. C. Stuart Patterson for the Western National Bank.

POWER OF NATIONAL BANKS TO BORROW MONEY.

UNITED STATES CIRCUIT COURT, FOURTH CIRCUIT (MARYLAND DISTRICT).

Peters, Receiver of Exchange National Bank of Norfolk (Va.) v. Alexander Brown & Sons, bankers.

The defendants, who had been long previously in the habit of loaning money to the Exchange Bank upon collateral securities, did, on the 3d of October, 1883, discount two notes, signed by the president in behalf of the bank, of \$100,000 each, taking collaterals. In the accompanying contract it was stipulated that these collaterals should remain in the hands of the defendants as security for those notes, or renewals of them in whole or in part, and for any other future indebtedness to them from the bank. At the time of the failure of the bank in 1885, the indebtedness on the above two notes had been reduced to about \$100,000, but the defendants alleged the existence of an additional indebtedness of \$23,160, growing out of sums deposited in the bank by their order, and under instructions to the bank to have the said sums passed to their credit.

It was contended by the counsel for Peters, the receiver of the bank, that National banks had no legal right to give notes, or to turn out their assets as collateral security for notes or other indebtedness. Also, that if a National bank did possess these powers, they could not be exercised by its president without being thereto authorized by a vote of the directors, which was not shown in this case. It was therefore insisted in behalf of the receiver, that even if Alexander Brown & Sons could show any valid claim against the bank, they could only rank as general creditors, and obtain such rate of dividend as the other general creditors.

The opinion of the court, consisting of Circuit Judge Bond and District Judge Morris, was as follows:

We are of opinion that the bank had power under its charter to borrow money and pledge its assets as collateral to secure repayment thereof, and we find that in this case any want of specially delegated authority by the board of directors to the officers of the bank is supplied by the acquiescence on their part to be presumed from the undisputed facts with regard to the management of the bank, and from the long-continued course of dealing between the bank and the respondents in respect to borrowing money for the use of the bank upon pledge to them of its securities as collateral.

With regard to the money in the bank at the time of its failure, arising from the sales of guano pledged by the Hogdon-Spencer Company to respondents to secure a letter of credit issued by respondents in favor of the Hogdon-Spencer Company, we find that the Hogdon-Spencer Company paid this money to the bank to release the several deliveries of guano, for which the bank, by its officers, issued orders in favor of the Hogdon-Spencer Company to the warehouse company in which the guano was stored. We find that the money was received by the bank under authority from the respondents, and under instructions to place it to respondents' credit and advise them. We find that the bank neither put it to respondents' credit nor advised them, but kept it, and that at the date of the bank's failure this money constituted a debt due by the bank to respondents, to secure which respondents have a right to hold the property of the bank in their hands, both under the agreement pledging the collaterals and under their general bankers' lien. We will sign a decree dismissing the bill of complaint.

PAYMENT BY BANK.

NEW YORK COURT OF APPEALS.

Viets v. Union National Bank.

BANKS—PAYMENT TO COMMITTEE OF LUNATIC.—Payment by a bank of the deposit of a person who has been declared a lunatic, to the duly appointed committee of the lunatic's estate, is a good payment and protects the bank. The bank is not required to examine or determine the equities of other parties to the fund, of which it has no knowledge; but it has the right to assume that the committee appointed by the court is authorized to receive the money.

STATUTE OF LIMITATION—CHECK—PRESENTMENT IS A DEMAND.—The presentation of a check to a bank by one authorized to receive the money thereon is equivalent to a demand of payment of the amount of the check, and when payment is refused, the statute of limitations begins to run against the drawer on the amount called for by the check from the time of such demand and refusal.

MILLER, J. The controversy in this action arises in reference to certain moneys belonging to one John Banker, deceased, which were deposited with the defendant to the credit of the plaintiff. Previous to this time Banker was the owner of a bond and mortgage of about \$6,000 on a farm formerly belonging to him, upon the sale of which the mortgage was executed. This mortgage he sold and received a check for the amount of the sale. On the 19th of February, 1869, the plaintiff, at Banker's request, took this check to the bank and had it cashed, and from the proceeds paid an overdue note, upon which Banker was indorser, of about \$600, gave Banker when he returned about \$200, and on the same day deposited the balance, \$4,867.83, with defendant in his own name. He then, by direction of Banker, and on the same day, drew two checks payable to Banker, one for \$3,500 and the other for \$1,367, and delivered them to him. On the twenty-second of February these two checks were indorsed by Banker and delivered to one Ellen M. Houghtaling as part consideration for her promise of marriage with said Banker. On the twenty-third of February proceedings were instituted by David A. Banker, son of John Banker, in the nature of a writ *de lunatico inquirendo*, to inquire as to the lunacy of said John Banker, and a commission issued directing an inquisition to be held; and by virtue of said inquisition held March tenth, it was adjudged that Banker was of unsound mind and incapable of governing himself or managing his property, and had been in such state of lunacy for a period of six months. Pending the proceedings an order was made by the court enjoining the bank from paying over to any one the money deposited with it until further order of the court. On the thirty-first of March an order was made confirming the inquisition, and directing the bank to pay over the money deposited to David A. Banker, as committee of John Banker, and on the fourteenth of April the defendant, on receiving an indemnity bond, paid over to the committee accordingly. On the 6th of March, 1869, the check for \$3,500 was presented to the bank for payment, and payment refused; and on the 28th of August, 1871, the check for \$1,367 was likewise presented for payment and payment refused. On the 8th of March, 1869, John Banker was married to Ellen M. Houghtaling.

After the above-named two checks were presented to the bank for payment and payment refused, Mrs. Banker recovered a judgment against the plaintiff for the amount of the same. Banker died on the

14th of September, 1869, and after his decease an action was brought in the supreme court by his committee to set aside his marriage, on the ground of his alleged lunacy. On the trial of the action, February twenty-fourth, it was found that at the time of his marriage, March 8th, 1869, Banker was not of unsound mind; that after his marriage he had lucid intervals and in such lucid intervals recognized such marriage by cohabitation and otherwise, and that at the time of his death he was not of sound mind, and judgment was entered in accordance with these findings.

The plaintiff's right to recover in this action does not rest upon the ground that he was the owner of the money deposited in the bank or had any absolute title to the same. It clearly did not belong to him, and if this action can be maintained, it must be for the reason that the deposit in his name with the consent of Banker and the making and delivery of the checks under the circumstances stated, conferred upon him the right to enforce payment thereof against the bank. As the money in the bank belonged to John Banker and the deposit was made by his direction, it mattered not that the deposit was made to the plaintiff's individual account, and in an action brought by the principal, the bank could not set up a want of privity. *Van Alen v. American Nat. Bank*, 52 N. Y. 1. We must, therefore, assume that the money deposited by the plaintiff was the property of John Banker while it remained in the possession of the defendant.

Such being the case, the question arises whether the payment which was made by the bank to the committee who had been appointed by the supreme court, in the proceedings against Banker as a lunatic, was a legal payment which discharged the bank from liability and bars the plaintiff's right to maintain any action for the same. The law makes provision for the appointment of a committee of the personal estate of a lunatic and vests in such committee the right to possession of the estate, and after an adjudication of lunacy has been made and confirmed by the court, and a committee of his estate duly appointed and qualified, such committee occupies the same position and fills the same place as the lunatic in regard to his personal estate and property. He has the same control and possession thereof, and in all ordinary matters the right to deal therewith as the lunatic enjoyed before he was found to be of unsound mind. The committee is the representative of the lunatic in respect to all matters connected with his estate.

When, therefore, on the 10th of March, 1869, in proceedings had against John Banker, the regularity of which is not disputed, a judgment of lunacy was obtained against him and thereupon subsequently a committee to take charge of his personal estate, he—Banker—became divested of all right control to his property in accordance with the findings under the inquisition had. That inquisition determined not only that he was a lunatic on said tenth day of March, but that he had been such for a space of six months previous. A short time after that the committee, who had been duly appointed and qualified, applied to the defendant, as the representative of Banker—to whom alone the money deposited by the plaintiff belonged—and exhibiting his authority, demanded payment of the money, and it was paid to him. Banker, who was the owner of the money, had no right to receive it, because he had been declared a lunatic, and the committee was the only person whom the law recognized as having authority for such a purpose.

Even if it be assumed that there was an equitable right in Mrs. Banker to the money arising out of the anti-nuptial contract with her husband, such equity cannot be invoked as against the bank that had no notice of the same, and in good faith paid the money to the legal representative

of the owner thereof. The bank is entitled to protection for the reason that it paid the money to one who apparently had the right to receive it. If any equitable claim existed in favor of any third party it could only be prosecuted and enforced in an action against the committee who had received the money, and not against the bank in contravention and repudiation of its right to pay, which it had exercised in good faith to one ostensibly vested with lawful authority to receive the same. With this apparent lawful authority presented by the committee to the bank it was not required to examine and determine the equities of other parties of which it had no knowledge, to the fund, and it had a right to assume that the committee appointed by the court had full power to act.

It must be conceded that if the adjudication of lunacy was in force at the time the payment was made it was a valid and legal payment and an effectual bar to any claim by the plaintiff or any other person to recover the money of the defendant. Such adjudication, however, is assailed by the respondent's counsel, and it is insisted that the question of lunacy is out of the case, because it was shown that the presumption of lunacy, arising from the inquisition in the lunacy proceedings against John Banker, had been overcome and wiped out by the subsequent judgment in the equity suit brought by David A. Banker, the committee against Ellen M. Banker, to declare the marriage contract null and void whereby it was adjudged that at the time of his marriage on the 8th of March, 1869, John Banker was not a person of unsound mind, and, therefore, he must be regarded for the purposes of this appeal as a person of sound mind fully capable of managing his affairs and disposing of his property at the various times during which the transactions out of which this controversy arose transpired. We do not think that such was the effect of the judgment in the action referred to, and all that was established thereby was the sanity and ability of Banker to enter into the marriage contract on the eighth of March, two days before the inquisition was held adjudging him a lunatic.

The other findings in the case, as we have seen, evince that Banker was of unsound mind after the eighth of March, and at the time of his death. None of them are in conflict with the general finding of the inquisition that he was of unsound mind for six months prior to the time it was held. The only fact that was established by the verdict and judgment in the action to set aside his marriage was the sanity of Banker at the time he entered into the marriage contract, and this is entirely consistent with the finding of the inquisition that he was a lunatic two days afterward and with the fact that he was such on the twenty-second of February when the alleged transfer of the checks was made to Mrs. Banker.

It cannot, we think, be denied in view of all the circumstances, that the judgment in the action referred to only covered the day of Banker's marriage to which alone it had reference. This is entirely apparent from the previous inquisition which had adjudged that he was a person of unsound mind and a lunatic long prior to his marriage. He was found to have been a lunatic for several months prior to that time by the first adjudication and by the second that he was sane at the time of his marriage and had lucid intervals, but was of unsound mind at the time of his death. Taking all these facts in connection, there is no ground for claiming that Banker was not of unsound mind for a long period anterior to his marriage and after the same with lucid intervals to the day of his death. Such being the case the last adjudication could not affect the conclusion arrived at upon the inquisition and the appointment of the committee by reason thereof. To all intents and purposes during these transactions, with the single exception of the day

of his marriage, Banker was a person of unsound mind, incapable of managing his affairs, and his acts during the transactions referred to were invalid and liable to be set aside on account of his lunacy. Whatever rights therefore existed in favor of Mrs. Banker or the plaintiff could only be vindicated by an action to obtain the money from the committee to whom it had been lawfully paid. Neither of these parties could ignore the effect of the findings, upon the inquisition against Banker by an action against the defendant. Their remedy, if any existed, lay in a different direction, as we have seen, and it can not be obtained in this present action.

It follows that the order appointing the committee upon the findings of the inquisition, having been made by a tribunal that had jurisdiction of the person and property of the said John Banker, was binding upon Banker and his privies and sufficient to authorize the payment by the bank to the committee, and that the court erred in holding the defendant liable to the plaintiff for the amount of the two checks deposited with it by the plaintiff.

We are also of the opinion that the plaintiff's right to recover in this action was barred by the statute of limitations.

While it is true that a check drawn against a general bank account does not operate as an assignment, and that, as a general rule, the holder cannot maintain an action against the drawee because of want of privity, it is equally true that the giving of a check authorizes the payee, or some person taking the check, to make demand of payment—*Bk. of British N. America v. Merchants' Nat. Bk.*, 91 N. Y. 106, 111—and the refusal to pay on presentation of the check, which presentation is equivalent to a demand of payment, gives to the drawer a right of action in case he has funds in the bank to meet the check, and the refusal to pay is without his authority.

It appeared indisputable, and is substantially found by the trial court, that the two checks given by plaintiff to Banker, and by him endorsed to Ellen M. Houghtaling, were presented to the bank, defendant for payment, and payment refused, the one in March, 1869, the other in August, 1871. At the time of such refusal there was written upon one of the checks: "Payment refused," and upon the other "No funds." It is to be presumed, at least so far as plaintiff is concerned, that the person presenting the checks had the right so to do, and nothing is shown to the contrary. Such being the case, the bank became liable, when presentation was made, for the amount of each check, and payment of the same was refused.

We think that a demand for the whole balance on deposit is not requisite, in order to enable the depositor to maintain suit against the bank. The implied contract between a bank and its depositor is that it will pay the depositor when and in such sums as are demanded. Whenever a demand is made by presentation of a genuine check in the hands of a person entitled to receive its amount for a portion of the amount on deposit and payment is refused, a cause of action immediately arises. For the balance no suit can be brought until demand is made. In other words, the depositor has the election to make the whole claim payable at one time by demanding the whole, or in installments, by demanding portions thereof, and it would be a novel doctrine that, when the claim has thus been made payable in installments, no action could be brought for an installment which has become due and payable, because there is a residue of the claim not due. But, again, the general rule above stated, *i. e.*, that the holder of a check cannot maintain an action against the drawee, is not applicable to this case. The money deposited by plaintiff belonged to Banker, and the deposit in the bank was made by his direc-

tion. It matters not that the deposit was made to his, plaintiff's, individual account, and in an action brought by the principal against the bank, upon refusal to pay his agent's check, the bank cannot set up a want of privity. *Van Alen v. Am. Nat. Bk.*, 52 N. Y. 1.

Banker, to whom the money belonged, or any person to whom he had transferred his claim against the bank, could have maintained an action on presentation and refusal to pay the checks, and upon demand and refusal the statute began to run.

The claim made by the respondent's counsel, that if the action had been barred by the statute of limitations it was revived by the payment by the bank of the two checks of the plaintiff, one on December 2, 1872, of \$18.82, and the other on March 27, 1873, of \$4.33, and that the defendant was thereby estopped from interposing the defense of the statute of limitations under six years after that, is not well-founded. The amount of these two checks constituted the balance which was due to the plaintiff from the defendant for moneys deposited on his own account separate from the moneys belonging to Banker for which the checks in question in this action were drawn. As the depositor has a right to draw his check for separate portions of the money belonging to him on deposit and a cause of action arises upon presentation and refusal to pay such check, the payment of the checks, drawn after those which are the subject of controversy in this action, could not affect the cause of action which arose upon their presentation to the bank and its refusal to pay. The payment of the two checks referred to did not authorize the conclusion that the defendant intended to recognize the fact that the other checks were still a subsisting indebtedness against which the statute had not commenced to run, but such payments were entirely separate and independent transactions having no reference whatever to the checks in suit. Under the facts there is no ground for claiming that the payment of the checks of December 2, 1872, and March 27, 1873, was a recognition of any indebtedness beyond them and operated as a revival of the debt and prevented the statute from running.

The respondent's counsel also claims that under subdivision 3, section 474, of the Code of Civil Procedure, a person entitled to commence an action when the Code took effect might commence such action before the expiration of two years after the Code should go into effect, and that as the Code went into effect May 1, 1877, he had until May 1, 1879, to bring his action before it would be barred by the statute of limitations. We do not understand such to be the rule under the provision cited which declares that a person entitled under said section to bring an action when the Code took effect where he commences the same before the expiration of two years after the Code took effect, his action is governed by the same law applicable thereto immediately before the Code went into effect. This provision of the Code only left actions brought within two years to be governed by the law applicable to the case at the time of the adoption of the Code, and in no way operated to extend the time for the application of the statute of limitations. It remains in force the same as before the enactment of the Code.

The judgment should be reversed and a new trial granted with costs to abide the event.

If fraud in the procurement of a note be shown, the onus is on the plaintiff to show that he is a *bona-fide* holder for value, before maturity, and that he received the same in circumstances which raise no presumption that he knew of facts impeaching its validity. A *bona-fide* holder of negotiable paper, who takes for value and without notice, is protected against antecedent equities of original parties. [*Crampton v. Perkins*. Maryland Court of Appeals.]

ECONOMIC NOTES.

WORK FOR THE UNEMPLOYED.

Let us suppose that, in order to "find employment" for 20,000 of the London unemployed, public works of the kind suggested are at once commenced. In order to pay the wages, additional taxation of some kind must be levied. Those who pay the taxes will be so much the poorer, will have to restrict their customary expenditure or investments to a corresponding amount. This restriction will diminish their demands upon the vendors and makers of whatever they abstain from purchasing, and these vendors and producers will be thrown out of employment to that extent. Thus, the finding of employment for the 20,000 will throw out of employment about 20,000 others, and then we shall have 40,000 to subsidize, in place of 20,000. To employ all these, on the same principle, double taxation must now be enforced with double effect, *i. e.*, the disemploying of 40,000 more. Then we must provide for 80,000. The next step in the same direction will bring the number of unemployed to 160,000; the next to 320,000, the next to 640,000, the next to 1,280,000, and so on until the taxation amounts to 100 per cent. on the incomes of the taxable. Then all will become paupers together, with nobody to pay the poor's rates. The monstrous absurdity of this remedy would, of course, be practically demonstrated long before it reached this stage, but not before it had done serious mischief, if a community could be found sufficiently blind to commence it on a scale of appreciable magnitude.—*Gentleman's Magazine*.

HOW SAVINGS ARE INVESTED.

If all property is robbery, as certain Socialistic reformers claim, the 640,000 depositors in the twenty-four Savings banks of New York City make a decidedly formidable army of robbers. The annual reports made by these banks for the year just closed, show that this property-saving form of robbery is not on the decline, either. The \$245,000,000 of deposits at the end of 1884 had become \$256,000,000 at the end of 1885, the average deposit being four hundred dollars, upon which rates of interest varying from three to three and one-half per cent. were paid.

It is quite probable that the rapidly-increasing deposits of the Savings banks of New York and New England are not entirely due to increasing prosperity among the working people. The low rates of interest offered by other investments doubtless lead many business men to keep balances in these institutions that under a better demand for money would be employed elsewhere. Granting that this is the case to a certain extent, the fact still remains that a great army of the workmen and workingwomen of this country are getting a comfortable living and have a penny to lay by for a rainy day.

The question is sometimes asked why the Savings bank has not become so important a financial feature in Philadelphia as in New York and New England. The real answer to that is, that the savings of the Philadelphia working classes have been diverted largely into building and loan associations. Thousands of Philadelphia working people by this agency own their own homes, and money invested in a home is just as profitably and securely invested as it could be in a Savings bank. This city was favorably located for the development of this form of

thrift, having plenty of room in which to grow, land for building lost not being so dear as to preclude the possibility of a working man acquiring the means within a reasonable time to own his own home. The possession of a home was possible here, hence the large diversion of small savings into this channel. In New York and some other cities it was not possible, and the Savings bank has become the chief agency for the accumulation of the surplus which economy and industry have left to the hundreds of thousands of workers there.

No level-headed, thoughtful man can read these evidences of thrift and economy among the great mass of the working people in the chief industrial centers of the United States and not realize that the socialistic doctrine that property is robbery has no show of obtaining a foothold, even in the most over-populated districts. If property is robbery the robbers are in the majority here, and the majority may do what it will. Most and Schwab may spout their socialistic fanaticism, but even they will sell beer and take up collections, and thus accumulate property in defiance of their loud-mouthed utterances to the contrary.—*Philadelphia Times*.

EFFECT OF STRIKES ON SOCIETY.

The upsetting influence which the strikes of this week have had upon the markets illustrates in a very tangible manner the fact that society is a living organism, and not merely a collection of persons. Business feels very much as would a man who denies himself the use of his hands and feet. He can live, but he cannot prosper, and the chances are that he will not be happy, though he need not lose his sleep or his temper. Of course, society itself must go to pieces, if all wage earners propose to be idle unless they can get such wages and such leisure as they may prefer. But the case is not so serious as that. On the contrary, the wages question, viewed all by itself, is in the last resort a matter of mere arithmetic. All wages come out of what the wage earners produce. To ascertain this proportion is a matter of book-keeping. Neither sentiment nor patronage, neither co-operation nor persuasion, can change this cold fact. If the wage earners think that they can earn more money by not working for the present set of employers, let them try. They will find that every man, no matter how independent or how rich, cannot honestly and securely get any money beyond what he produces. There lies the whole case. And production is not increased, but hindered, by interference with the general market, by leisure, and by the violation of natural or moral laws. The present quarrel is simply a dispute between the hand and the arm, the foot and the knee.—*The Beacon*.

USE OF TERMS—STRONG BANK RESERVES AND LOW RATES FOR LOANS.

Strong bank reserves and low rates for loans are not necessarily interchangeable terms, although a strong bank reserve and high rates for loans would be somewhat of an anomaly. The rates for the use of money are largely governed by the risk assumed by the lender. While lenders might readily accept 2 per cent. for call loans on Government bond collateral, they might refuse 6 per cent. or more for money to be used in speculative transactions and secured by the deposit of miscellaneous stocks. Or while 2 per cent. was eagerly sought for on Government bonds, money lenders might absolutely refuse to make advances for new enterprises upon any terms. Just now, although the banks are well sustained by reserve, it is becoming more and more difficult to obtain money for use in manufacturing or in enterprises largely dependent upon labor for their success. Money is seldom absolutely cheap or actually dear to borrowers. The rate is only relative. To the borrower

money is cheap at any rate that may be made, provided he can employ it in a way to make a profit from its use; and again it may be dear at the lowest rate at which it may be offered, if the borrower cannot employ it to advantage. Money is really cheapest, even at advanced rates to those who need to borrow, when business is active and fair profits are made in trade transactions. Money may pile up in the banks and other depositories for safe keeping, and still the rates for loans advance, unless lenders are satisfied of the stability of trade and the harmonious working of labor. There are many miles of railroad the construction of which is demanded, were the conditions of labor and trade normal; but in the present state of railroad wars and labor strikes, but few are inclined to venture their money in new undertakings. Where ventures are made, unusual precaution as to the nature of the security is taken, and rates are demanded in proportion to the risk to be assumed, however abundant and idle money may be.—*Stockholder.*

THE VALUE OF CORN WHEN DISTILLED.

The slops of distillers' mashing grain contain considerable more nutritive substances than those distilleries mashing potatoes. It is generally admitted that, in distilling, three hundred and thirty pounds of potatoes are the equivalent of one hundred and ten pounds of corn, and the comparative value of the slops is one dollar and ten cents for corn and only sixty-two cents for potatoes. The *Milling World*, in answer to a correspondent who calls in question the accuracy of a previous statement in the same paper on the percentage of our cereal crop used in distilling, gives the following curious statement of the value of a bushel of corn when converted into alcoholic beverage: Let our correspondent, says the editor, trace a bushel of corn, for instance, from the field to the drinker's glass. The grower works at least two hours in raising a bushel of corn. He sells the corn for 30 cents on his farm. He spends the 30 cents for two drinks, thus parting forever with his corn. Now, follow the corn. It cost 30 cents, and is turned into seventeen quarts of intoxicating drink. The distillers receive 40 cents a gallon for converting it into whiskey. The corn in its changed shape represents the original 30 cents and \$1.70 for the distiller, making its value at this stage \$2. Then the Government tax 90 cents a gallon adds \$3.85 to the value, swelling it to \$5.85. The bushel of corn now passes on to the job salesmen and wholesalers, and through them to the retailers. By the time it has reached the retailers it has been "reduced" in strength and increased in quantity by the admixture of water and other more harmful substances, so that its measure has at least been doubled, and the corn when it begins to drop into the drinkers' glasses on the bar represents about $8\frac{1}{2}$ gallons of drink. Allowing sixty drinks to the gallon, the official bar average, the bushel of corn will furnish 270 drinks, which, at an average of 15 cents to the drink, will take \$40.50 from the pockets of the consumers. This added to the \$5.85 put into the corn up to the time of reaching the jobbers, makes a total of \$46.95. Subtract the 30 cents which the farmer received for the corn, and the balance, \$46.65, will show the amazing profit made by those who do not till the soil to grow the corn, but who multiply infinitely by scientific means the mischievous power of the grain, and who from this hurtful multiplication reap large and reliable profits. The original price of a bushel of corn is contained 155 times in the ultimate receipts from it. In this way the enormous wasting power of alcoholic drink can be easily understood. Our correspondent can follow a bushel of oats, rye, barley, malt or wheat from producer to consumer, through the same channel, and in every instance his computations will satisfactorily answer his questions.

INQUIRIES OF CORRESPONDENTS.

ADDRESSED TO THE EDITOR OF THE BANKER'S MAGAZINE.

I. FRAUDULENT ALTERATION OF CHECKS.

Please inform me as to the law relating to the alteration of checks, viz, how far the drawer of check is liable for negligence or carelessness in drawing a check so that it can be altered without detection; and under what circumstances the bank which pays it can charge the amount of the check as altered to the drawer's account?

REPLY.—Ordinarily the fraudulent alteration of a check in a material part vitiates the check; but the well-established exception to this rule is, that if the check is drawn in such a careless and incomplete manner that a material alteration may be readily accomplished without leaving a perceptible mark or giving the instrument a suspicious appearance, then the drawer must suffer the just consequence of his carelessness and bear the loss himself. The most common instance of such carelessness is the leaving of blanks in the body of the check, which may be filled up by the holder. In such cases it is settled that the drawer must bear the loss, even although the handwriting of the alteration may be plainly different from that of the body of the check, and both may be different from the signature. There is no rule of law that requires the body and the signature of a check to be in the same handwriting, and all the bank is ordinarily obliged to look to is the drawer's signature.

As to what precautions the drawer must take to prevent alterations, the rule is laid down in the books somewhat generally. Morse, for example, says—p. 347—"Such precautions against fraudulent alteration as have now become customary and proper." We think that lines carefully drawn with a pen through the blanks left in a check would ordinarily be sufficient. Such lines, to be sure, especially when made upon common paper, are no great protection against alteration, or raising, by an expert in such matters; but we do not think the law has gone any farther than to forbid the drawer, to so draw his checks, as to offer opportunities and prepare the way for fraud. It is impossible to require all men to draw their checks so that they cannot possibly be altered without detection. It is also settled that when the drawer has not been guilty of carelessness in the manner of drawing his check, the bank must bear the loss when the check has been fraudulently altered, even if the alteration has been so skillfully made that it is impossible to detect it by mere inspection. The drawer is not at fault, and the cleverness of the fraud does not deprive him of the right to say that the check is not his. When the alteration is openly done, as in the common case where the printed word "order" in a check blank is crossed out and the word "bearer" is written in instead, the bank is put upon its inquiry, and pays the check at its peril. As Daniel says, *Negotiable Instruments*, § 1,661: "The lesson of caution and prudence on the part of the bank cannot be too well learned or too closely followed. Its only safeguard is to scrutinize checks severely, and never to pay one at all mutilated in its appearance until after inquiry."

II. INDORSEMENT OF CHECKS.

Do checks require indorsement when written in the following form: "Pay to self," "Pay to self or order"?

REPLY.—This is a matter about which we have had frequent inquiries from our correspondents, and as the point is one of general interest, we shall state the rule again. When such a check is presented for payment by the drawer, no indorsement is technically necessary, because the order contained in the check is well performed by payment to the drawer. His indorsement, if made, is substantially nothing more than a receipt for the money. Whether the bank, in such a case, has a technical right to demand an indorsement, is a question upon which we have never seen a decision in this country. We understand that it is considered in England, that the bank has such a right; and we are of opinion that when the case comes before the courts of this country, it will be held that the same law prevails here. The indorsement is a protection to the bank, as it furnishes conclusive evidence against the drawer that payment was properly made on the check; and where such a requirement is made and insisted on, we think the courts ought to sustain it, as a reasonable regulation made by bankers in the conduct of their business, to which customers are bound to conform. We think the practice of requiring such indorsements is quite general among bankers. The doubt as to the right to demand an indorsement arises from the ancient rule of the common law, that a debtor, when he pays a debt, has no right to require the creditor to furnish him with evidence of the payment by giving a receipt, or otherwise. We do not think, however, that this rule should be applied in the case in question.

If such a check is presented by any person other than the drawer, of course the indorsement is necessary.

III. TAXATION IN CALIFORNIA.

The Statute of California designates the first Monday in March as the date for establishing actual ownership to property for the purpose of assessment. On the 18th of April our bank building burned down, uninsured. On the 20th of June the assessor assesses the bank building as it stood on the first Monday in March. Now, is the bank building, which was destroyed by fire two months prior to time of assessment, liable to taxation?

REPLY.—Questions of this kind are not of general interest to the readers of the Magazine, and we do not invite them. Moreover, we must always give an opinion upon a question involving merely the proper construction of the statutes of another State with much doubt as to its correctness.

As this question is stated, we infer that by the law of California, as of most other States, a date is fixed in each year when the ownership of property for the purposes of taxation for that year is ascertained, and that the tax for the year is assessed upon the property as it stands on that day, to the person who is then the owner of it. In administering such a law as this, it is necessarily impossible for the assessors to actually assess all the property within their jurisdiction upon a single day, and they accordingly are allowed a sufficient time afterwards to make up their assessments. The only requirement is that in the assessment, which is a sort of judicial act, when it is made, property shall be valued as it stood on the day fixed by law, and as-

sessed to the person who was then the owner. Taxation must be equal upon all property, and it is only by fixing some particular day in each year, as of which all assessments must be made, that this equality can be obtained. Upon this view of the law it is of no importance that the assessors performed the act of assessment in June after the bank building was destroyed; and they were quite correct in assessing the property as it stood upon the first of March. It was a misfortune to the bank to lose a part of its property by fire after the first of March, but this was a misfortune against which the community did not insure it. It would, in effect, be requiring the taxing power of the State to insure the bank's property in its burned building to the extent of the tax, to allow it to escape taxation thereon, because the building happened to burn after the first of March.

IV. DETACHED COUPONS.

A bond engraved for a railroad company, with engraved signature for coupons, as authorized by the mortgage, signed by the treasurer of the company, with the seal of the said company attached, but not signed by the president—the said bond stating on its face that it is not complete without the signature of the trust company, which in this case was not attached—is lost or stolen.

QUERY.—Are the detached coupons of the lost bond in the hands of an innocent party good against the company?

REPLY.—It seems to us quite clear that the coupons are not good against the railroad company. In the first place, the law is well settled that delivery is essential to the validity of a coupon bond, as it is to every contract for the payment of money, and that, if an *incomplete* bond be stolen, without any delivery preceding, the bond is void, and being void, cannot be held good, even in the hands of a *bona fide* holder for value and without notice. *Ledwick v. McKim*, 53 N. Y. 315. The bonds referred to in the inquiry were plainly incomplete when stolen, and could not be enforced against the railroad company.

Now, it is true that the coupons in question were, in and of themselves, completely executed, and it is also true that for many purposes a coupon, when detached from the bond to which it belongs, is a separate and distinct instrument, the holder of which has rights quite distinct and separate from those of the bondholder. Nevertheless, it has been held by the Supreme Court of the United States, that if coupons refer to the bonds to which they are attached, and purport to be for interest thereon, the purchaser of them is chargeable with notice of all that the bonds contain. *McClure v. The Township of Oxford*, 94 U. S. 429. In this case it was held that a *bona fide* purchaser of bonds was notified of their invalidity by the recitals on the face of the bonds, and so could not recover on them; and that a holder of detached coupons stood no better, because he was bound to take notice of everything contained in the bonds, and so was held in law to have had the same notice. According to the logic of this decision, the holder of these coupons was bound to take notice of the invalidity of the bonds from which they were cut, and cannot recover on them against the company. It seems to us that it would be wrong in principle to allow the holder of a coupon to recover upon it, when the bond from which it was taken, and which is, so to speak, its foundation, is void, and was never issued by, or binding upon, the supposed issuer.

V. DUPLICATE CHECKS.

FACTS.—A buys of Jonestown National Bank a draft for \$100 on New York National Bank, payable to his own order. He indorses it to the order of B (who is pecuniarily irresponsible), and sends it by mail to B, at Smithville. B claims that he never received it. Three months later, the draft not having been presented at New York Bank for payment, the Jonestown Bank issues duplicate to A or his order, which A indorses to B's order.

The original has all the time been in B's possession. On receiving the duplicate, he gets cash on original at First National Bank of Smithville, and on duplicate at second National Bank of Smithville, and then decamps. The duplicate is first presented at New York Bank, and is paid; the other is afterwards refused.

QUERY.—What are the rights of the holder of the dishonored draft?

Can he recover of Jonestown Bank? Can he recover of A? What is the reasoning in each case?

What would be the difference in the rights of the parties if the draft contained the words "duplicate unpaid"?

REPLY.—The instrument referred to in this inquiry, though described as a "draft," would be more properly called a check, as it is subject to the rules of law applicable to checks. Daniel on Negotiable Instruments, § 1,567.

The holder of the dishonored original is in the position of a *bona fide* indorsee for value and without notice. As such, it is, of course, entitled to recover against the Jonestown Bank and A; unless, possibly, the check was "stale" at the time of its indorsement by B to the holder. "Staleness" is the only defence which either can make to it; but whether that defence can be successfully maintained or not, is a question upon which we are unable to express a confident opinion. The check was three months old when the holder cashed it. Was this such a length of time after its date for the check to be out, as to be a suspicious circumstance, which ought to have put the taker on its guard, and which made it the duty of the taker to inquire before paying out its money? If it was, the check was "stale," and open to equitable defences; otherwise not. The law upon this point is involved in much uncertainty. Daniel says, § 1,634: "The certain age at which a check may be said to be stale is as uncertain as the fixing of the day on which a young lady becomes an old maid." A collection of some of the authorities on the point will be found in our number for June, 1882, p. 951. In the case of *First Nat. Bank v. Needham*, 29 Iowa 249, a check of an individual was held "stale" after a lapse of five months. In *Lester v. Given*, 8 Bush (Ky.) 357, a similar check nearly a month old was decided not to be "stale." Moreover, as we pointed out in our January number, 1884, p. 549, it should be remembered that this check was not like an ordinary check, payable in the place where drawn, which would naturally, in the ordinary course of business, be presented for payment immediately. It was a check on New York, and, owing to the universal custom of persons journeying, or going to buy produce, of carrying funds in this form, the fact that such a check had been out more or less time, ought not to cause as much remark as it might in the case of an ordinary check.

If the instrument had contained the words "duplicate unpaid," then we suppose the condition of things would be precisely as in the case of a foreign bill of exchange drawn in a set of two or more parts. The law relating to these bills will be found treated in Daniel, § 113, *et seq.* In respect to such bills, it is settled that it is the duty of the person taking one part to inquire after the others, that he is advertised by their absence that they, or one of

them, may be outstanding in the hands of a *bona fide* holder, and that the party entitled to the bill should claim and hold all the parts, because payment of one part to another person might defeat him. So that in this case, the New York bank would be entitled to pay the part first presented, whether original or duplicate, and the holder of the other would have no remedy over against the Jonestown Bank or A, the first indorser.

BANKERS ON THE TREASURY SURPLUS.

As is very well known, the bankers of New York are quite agreed in the opinion, that it is not wise, or even safe, to put the Treasury under any such hard and fast rule as is proposed in Morrison's resolutions.

The *Times*, of July 22, reported interviews on this subject with a large number of the leading bankers of this city, the whole of which we should reprint if we had room. There is no one of them which does not contain valuable and important points, and all the bankers conversed with found bad results from the resolution, except Mr. Baldwin of the Fourth National Bank, who did not think it would "make any perceptible difference in the financial affairs of the country."

We subjoin the views of Geo. E. Williams and John Jay Knox :

President George G. Williams, of the Chemical National Bank, said : " If the Morrison resolutions become law a few things would be pretty sure to happen. In the first place, the passage of the resolutions would weaken confidence in the stability of the continuance of gold payments. There is a strong probability that it would lead to exports of gold. It would have a tendency to a fictitious advance in prices, and would give us a very much larger circulation based on silver worth 25 cents less on the dollar than gold. It would undoubtedly lead timid people into hoarding gold, and the result would be a state of uncertainty which is as unsatisfactory a basis on which to do business as could well be desired. As an offset to the evils which would result from the passage of that measure, it may be stated that the United States bonds which would have to be called would necessitate the withdrawal of still further amounts of National bank notes, and it may be well enough not to lose sight of the fact that the National bank note circulation has already been contracted over \$100,000,000 from the highest point it ever reached, and that about \$60,000,000 of legal tenders are in the Treasury awaiting the redemption of National bank notes. This contraction of the circulating medium has made a great vacuum which has been filled by silver certificates, which, not being paid in for customs, are no embarrassment to the Treasury. The Treasurer of the United States has been able to pay out legal tender notes and hold on to his gold, and this has made the Treasury very strong in gold, in remarkable contrast to its weakness about a year ago. The prospects of business are now in every way so favorable that this Pandora's box comes in as a disturbing element and weakens confidence."

John Jay Knox, President of the National Bank of the Republic, said : " The Morrison resolution now pending in the Senate makes it the duty of the Secretary of the Treasury to apply any excess of surplus over \$100,000,000 to the payment of the interest-bearing debt of the Government in monthly installments of \$10,000,000. This resolution proposes not only to reduce the present surplus, but establishes this as the permanent policy of the Government. The law now provides in effect that there shall be a permanent deposit of \$100,000,000 of gold coin in the Treasury for the purpose of redeeming the legal tender notes, and in the present form of statement the Treasury officials have set aside \$100,000,000 of gold for that purpose. National banks have deposited about \$60,000,000 of gold funds for the purpose of retiring bank circulation, and the Treasury is pledged to pay the greenbacks and these National bank notes, amounting to more than

\$100,000,000, on demand. The \$100,000,000 held by the Treasury is only 25 per cent. of this amount, and is a much less percentage than any prudent banker or any Government should keep on hand if it intends to maintain gold payments.

"The immediate operation of the resolutions if carried into effect would not for some weeks largely reduce the amount of currency in circulation. The amount of three-per-cent. bonds is about \$132,000,000, of which the banks hold, say, about \$100,000,000, or three-fourths of the amount, as security for circulation. If \$40,000,000 of the bonds are called during the next four months, three-fourths, or \$30,000,000, of the amount will belong to the banks. The Government will pay the banks \$3,000,000 of this amount and transfer the remainder, \$27,000,000, to the fund in the Treasurer's statement for retiring the circulating notes of the banks, so that the operation will largely consist of bookkeeping in the Treasury. But the bad effect of the proposition consists in the demoralization which follows such legislation. It is the general opinion of the leading financial men of the country that the reserve now held by the Treasury is not too large, but too small, if payments are to be continued upon the present standard, and that any reduction of the amount is attended with peril. It is their opinion that the continued coinage of silver dollars must not long hence result in the suspension of gold payments and the substitution of silver payments. The effect of the proposed legislation is to increase this peril. The best use of a Treasury surplus at present is to assure all those who fear silver payments that there is no immediate ground for alarm, and the loss of interest upon even \$70,000,000 at three per cent. is really nothing in comparison with its good effect upon business, and is not to be considered if the holding of the present surplus now in the Treasury will have that effect. In other words, the money now held in the Treasury cannot be in any way so usefully employed as to dispel the alarm which now exists in the minds of many of the leading business men of the country. Secretary Fessenden many years ago, in speaking of the holding of a large surplus in the Treasury, said: 'You must be ready for the evil day, and, being ready for the evil day, the evil day almost never comes; not being ready for the evil day, it is certain to come.'"

On the vote in the House, July 14, on the Morrison resolutions requiring the surplus in the Treasury above \$100,000,000 to be paid out, the Democrats divided, yeas 148, nays 18; while the Republicans divided, yeas 59, nays, 49.

THE vote in the House on paying out all the surplus cash in the Treasury beyond \$100,000,000, was substantially a sectional one, New York and New England on one side, and the West and South with Pennsylvania on the other. There was only one vote from New England and three from New York in favor of the proposition.

THE average prices of the Government 4s sold at the New York Stock Exchange during June, gave to the purchaser an annual interest of 2.462 per cent. on his investment, and the average prices of 4½s gave an annual interest of 2.161 per cent. When rates of interest are low, money is loaned more cheaply on short bonds than on long ones.

A LETTER to the Brooklyn *Eagle* from Washington, under date of July 17, gives the following account of the Extradition Treaty between this country and England, said to have been negotiated in London, June 25: "The offences to which the new treaty will apply are embezzlement or larceny above the sum of \$50, burglary, malicious injuries to property, endangering the life of any person, where such acts are a crime by law either in the United States or Great Britain, and manslaughter. It is provided that there shall be no extradition for offences of a political character only. No convicted fugitive criminal shall be surrendered unless a copy of the court record and sentence shall be produced and his identity thoroughly established. The treaty is only to apply to future offences, which will be good news to the bank refugees in Canada and the dynamite fiends on our soil. It is to go into effect within ten days after ratification, and can be terminated at the pleasure of either of the contracting parties. The treaty was sent to the Senate ten days since, but has not yet come up for action in that body."

BANKING AND FINANCIAL ITEMS.

THE ANNUAL CONVENTION OF THE AMERICAN BANKERS' ASSOCIATION.—This convention is to be held in Boston on August 11 and 12, and every banking firm, State bank, National bank, Trust company and Savings bank in the United States is expected to send one delegate. The meetings will be held in Horticultural Hall. The headquarters of the Executive Council will be in the Brunswick Hotel. The President of the Association is Lyman J. Gage, Vice-President of the First National Bank of Chicago. The First Vice-President is Logan C. Murray, President of the United States Bank of New York. Every State and Territory has a Vice-President, the gentleman from this State being Henry C. Brewster, Cashier of the Traders' National Bank of Rochester.

The Executive Council is made up of the following well-known bank officers: Geo. S. Coe, Jacob D. Vermilye, Edmund D. Randolph, and John Jay Knox, of this city; Joseph Patterson, Morton McMichael, Jr., and William H. Rhawn, of Philadelphia; Edward Tyler and James H. Bouve, of Boston; J. W. Lockwood, of Richmond, Va.; Charles Parsons, of St. Louis; William G. Deshler, of Columbus, Ohio; Edward B. Judson, of Syracuse, N. Y.; William E. Gould, of Portland, Me.; Hoel H. Camp, of Milwaukee, Wis.; Logan H. Roots, of Little Rock, Ark.; Augustus H. Moss, of Sandusky, Ohio; J. H. Lindemberger, of Louisville, Ky.; R. M. Nelson, of Selma, Ala.; J. Thomas Smith, of Baltimore, and J. H. Millard, of Omaha, Neb. The Treasurer is George F. Baker, President of the First National Bank of this city, and the Secretary is Dr. George Marsland, of No. 128 Broadway.

The three great topics of the convention this year, according to the Secretary, are banking reform, the silver problem in its new international aspects, and the defects of our extradition treaties by a comparison of all the 31 treaties for the extradition of criminals between foreign countries and the United States. On the first day of the convention the discussion upon banking reform will be opened by Lyman J. Gage, of Chicago, the President of the association. He will be followed by Hon. Samuel Merrill, of Iowa; Comptroller Trenholm, of Washington, and other gentlemen. The proposed reforms are for the most part designed for the following objects: First, to favor the extension of the National banking system in the Southern States where, for various reasons, it has made less progress than in any other part of the country. In connection with this the needs of the South for capital for diversified industries and for well directed emigration will be considered, and the rapid development in some States of manufacturing enterprises will also be considered.

In regard to the silver problem the banks have so often discussed its well-known features that it may perhaps be less prominent this year, especially as there are many other topics of special urgency pressing for an examination. In speaking of the international question, the East Indian problem has assumed proportions of great magnitude. The unrest of the great manufacturing centers of England, where there is a depression in trade owing to the rigid adherence of England to her present policy, will be discussed. There is a disposition growing very rapidly among thinkers in and out of banking circles on the other side of the ocean that a strong impression can be brought to bear upon England in her new Parliament. There is sure to be a great number of new men in the next Parliament, and great reforms are looked for.

At the close of the convention the delegates will be invited to take an excursion through Boston Harbor by the bankers of that city. The excursion will be followed by a banquet in one of the prominent hotels.

DURING the first half of this year, 1,755 miles of railroad were finished. On an average of years, more than two-thirds of the new railroad mileage are opened in the last half of the year.

MR. GEO. H. BURFORD, the able and useful Actuary of the United States Life Insurance Company, has been elected to the office of Vice-President. Mr. Burford has been connected with the company for nearly twenty-two years, and possesses in the highest degree the qualifications necessary for the office he is henceforth to fill in this old and reliable company.

NEW YORK City and County are more valuable by \$50,000,000 than last year at this time, according to the statement of the Commissioners of Taxes and Assessments. The total assessed valuation of real estate is \$1,203,941,065, while the personal estate amounts to \$217,027,221. The total personal estate in 1885 was \$202,673,866; total real and personal, \$1,371,117,003; total personal estate, 1886, \$217,027,221; total real and personal, \$1,420,968,286.

THE Brooklyn *Eagle*, of June 29, states in respect to the Atlantic Bank and the Firemen's Trust and Insurance Company, both of that city, that all their debts due, directly or indirectly, from Mr. Seney, have been paid; that the depositors in the Atlantic Bank have been paid in full, and those who hold on to the stock will receive rather more than the par value; and that the Insurance Company is restored to solvency with some margin for its stockholders. In respect to the Metropolitan Bank of New York City, of which Mr. Seney was President at the time of his failure, the liquidation is progressing so favorably, that all claims upon it are certain to be paid, and its stock is "now marketable again." The *Eagle* adds: "It is not easy to express the gratification with which the *Eagle*, speaking as we know it does in this case for the people of Brooklyn, makes known these facts to the world. Mr. Seney has proved himself one of our broadest and most public spirited fellow citizens in a thousand ways; he is of us representative of what is best and most generous in citizenship. The reconstitution of his fortunes has been with him a sacred obligation, not a selfish object, because before he could, as an upright man, enjoy a penny of the wealth that has been flowing toward him, every consideration of honor bound him to see those protected who had put their trust in him, and who, through his misfortune, were led into difficulty."

ANOTHER BOND CALL.—The Acting Secretary of the Treasury on July 19 issued the one hundred and thirty-ninth call for the redemption of bonds. The call is for \$4,000,000 of the 3-per cent. loan of 1882, and notice is given that the principal and accrued interest of the bonds designated will be paid at the Treasury of the United States, in the City of Washington on the 1st day of September, 1886, and that the interest on said bonds will cease on that day. Following is a description of the bonds: Three-per-cent. bonds issued under the Act of Congress approved July 12, 1882, and numbered as follows: \$50, original No. 133 to original No. 135, both inclusive; \$100, original No. 1,730 to original No. 1,812, both inclusive; \$500, original No. 787 to original No. 824, both inclusive; \$1,000, original No. 5,524 to original No. 5,962, both inclusive; \$10,000, original No. 12,612 to original No. 12,965, both inclusive, and original No. 23,738 to original No. 23,747, both inclusive; total, \$4,000,000. The bonds described above are either bonds of the "original" issue, which have but one serial number at each end, or "substitute" bonds, which may be distinguished by the double set of numbers, which are marked plainly "original numbers" and "substitute numbers." All of the bonds of this loan may be called by the original numbers only. Many of the bonds originally included in the above numbers have been transferred or exchanged into other denominations on "waiver," the original numbers being canceled, and leaving outstanding the apparent amount above stated.

THE returns of our foreign trade for June having been received, it is now possible to give complete figures for the fiscal year ending June 30. The net export of specie and bullion, not distinguishing between gold and silver, was \$34,465,989 for the fiscal year. The net export of gold alone cannot therefore vary much from \$20,000,000, or just about what is left of the domestic production after supplying the demand for gold for manufacturing purposes. The year, consequently, has not witnessed any reduction at all in the gold part of our money. In the merchandise foreign trade for the fiscal year, the favorable balance proves to have been \$44,172,366, as compared with \$164,662,426 during the preceding year, and with \$72,815,916 during the fiscal year ending June 30, 1884. But during the year just closed, the aggregate favorable balance, including merchandize, specie and bullion, was \$78,638,352, which leaves some margin for paying for the American securities which have been sent home from Europe.

THE BANK OF MONTREAL—ANNUAL GENERAL MEETING AND REPORT OF THE PRESIDENT.—The annual general meeting of the Bank of Montreal was held recently. The President, Mr. C. F. Smithers, occupied the chair, and there was a large attendance of shareholders. The General Manager, Mr. W. J. Buchanan, read the annual statement, which showed the profits for the year ending April 30, 1886, after deducting charges of management and making provision for all bad and doubtful debts, to have been \$1,465,976.01. After paying a 10 per cent. dividend and a 1 per cent. bonus, a balance of \$525,545.25 was carried forward to the rest. The Chairman, in moving the adoption of the report, said that the North-west rebellion had not turned out an unmixed evil, as the amount of money expended in that part of the country had proved a great help to business men in the Northwest. He denied the statement that the bank made \$300,000 out of West Shore stock, a single share of which the bank has never owned. He also denied the stories told of fabulous sums of money earned by dealings with the Canadian Pacific Railway. The bank certainly has reason, he said, to congratulate itself. It found itself on the 30th of April with a balance of profit and loss carried forward of \$525,545, while on the 30th of April, 1885, this balance was \$379,569, \$145,976.01 having been added from the earnings of the year after the payment of expenses and dividends. Now that this fund had reached the sum of \$500,000, he did not deem it necessary to further increase it, and the aim of the board would be to keep it about the present figure.

Speaking of the financial depression of last year, the Chairman remarked that at one time the bank had between \$8,000,000 and \$10,000,000 lying idle or loaned at a very small rate of interest. As to future prospects, he said that so far the crops promised well, but as they were liable to contingencies he did not place much weight upon this. Assuming that the crop was good, he did not look for any very great improvement, as the market prices in England were so low, and that owing to the supply of wheat drawn from India, grain growers in the United States and Canada had a very unequal fight to maintain. The time had about come for American wheat growers to depend upon home consumption, a conclusion proved by the fact that wheat in Liverpool was occasionally cheaper than it was in Chicago. Trade generally seemed to be fairly prosperous, and the situation, while not buoyant, was hopeful. The wholesale trade was moderately active, payments good, and the profits rather light. Manufacturers were fairly busy, and their product going into consumption.

Sir Donald A. Smith, the Vice-President, in seconding the adoption of the report, took occasion to refer to the completion of the Canadian Pacific Railroad as a most important event from a financial point of view. A ship was now about sailing from Yokohama for Vancouver, and its cargo of tea, which was intended not only for Canada, but for St. Paul, Chicago, and other points in the United States, would be carried by the Canadian Pacific. With such a significant opening of the transcontinental trade financial men must look not only for ultimate success, but for a flourishing trade in the near future. The report was adopted.

The following Board of Directors was then elected: C. F. Smithers, Sir Donald A. Smith, Gilbert Scott, A. T. Patterson, Hugh McLennan, Alexander Murray, the Hon. John Hamilton, E. B. Greenshields, and George A. Dunn Mono.

THE Young Men's Reform Convention, made up of large delegations from all the Canadian Provinces, adjourned on the 2d of July after a long session. The question of proposing the independence of Canada, was put over to another year after an animated discussion. They demanded that the tariff duties on flour, coal and the raw materials of manufacture, such as wool, &c., should be abolished, and wound up by resolving that they were "strongly in favor of reciprocity with the United States." This last declaration was quite unnecessary, as everybody knows that Canada has been in favor of that for the last thirty-five years, and has the best possible reasons for being so. These young men must live to be very old, in order to see what they desire in that particular.

THE newly chartered English company, with its bank and capital of £2,000,000, at the capital of Madagascar, will do more in one year to make the Island English than French admirals and French powder and French treaties have done to make it French during the last ten years. The Madagascarenes know the value of money.

THE call issued on July 19 for \$4,000,000 of the three-per-cent. bonds of 1882, leaves only \$132,057,050 of that issue outstanding. Of this amount \$106,783,600 are held by the Treasury to secure National bank circulation. The payment of \$25,000,000 more of the debt will bring us to a stage where all further called bonds of this issue will come exclusively from the banks, compelling them to surrender circulation to an amount equal to 90 per cent of the bonds called, or to change the form of the security by purchasing for deposit in the Treasury bonds of the 4 per cent. or 4½ per cent. issue. At the present market rates the 4 per cents. would pay only about 2½ per cent. interest. It is the opinion of some of the supporters of Mr. Morrison's surplus resolution that the loss of one-half of 1 per cent. interest upon the bonds held by the banks would not be sufficient to cause a contraction of their note issues. That might be true if the issuing of notes were a more profitable part of the business of a National bank.

THE Guarantee Company of North America, of Montreal, has declared the usual semi-annual dividend of three per cent. upon its capital stock of \$300,000, being the twenty-fifth dividend, in unbroken succession, paid by this company; and we have good ground for believing that not only has this dividend been declared out of the half-year's profits, but that no dividend is likely to be announced by the company while under Manager Rawling's administration which does not represent profits made, and without encroaching on the company's surplus.

A NEW SAVINGS BANK.—A certificate to do business as a Savings bank under the laws of Iowa, has just been issued to the Mitchellville Savings Bank of Mitchellville, Iowa. The paid up capital is \$10,000; authorized capital, \$100,000. The stockholders are expecting to increase the paid up capital at an early day. The officers are: Thomas Mitchell, President; D. J. Oldfield and Peter Miller, Vice-Presidents; James K. Moller, Cashier. The bank starts out under most advantageous circumstances. Its President is the founder of Mitchellville and its oldest and most reputable citizen. The Vice-Presidents are strong and popular men, and its Cashier a man of high character both as a business man and a citizen. Great success is predicted for the bank.

THE TAX ON NATIONAL BANK SHARES.—The suit instituted by thirty-five National and nineteen State banks to test the legality of taxing bank shares, which case has just been argued before Judge Wallace, of the United States Circuit Court, will, it is expected, be finally decided before the close of the year. Both sides are anxious for a speedy settlement of the case. Whatever the decision of the Circuit Court may be, the suit will undoubtedly be carried to the United States Supreme Court, and it is understood that it will be given a place on the calendar, which will enable the court of last resort to effectually dispose of it by the period named. This particular case involves payment of taxes to the city amounting to about \$1,400,000 annually. In the course of their case the plaintiffs have shown that moneyed capital to the amount of \$2,000,000 have been exempted from taxation, although the claims against it are practically the same as those made against bank shares. The Mercantile National Bank, by common consent, is plaintiff in the suit. The parties to the suit agree that on the second Monday in January of last year the aggregate actual value of the shares of stock of the incorporated moneyed and stock corporations incorporated by the State laws, deriving an income or profit from their capital or otherwise (not including life insurance companies, trust companies, banks or banking corporations organized under the authority of this State, or of the United States), amounted to no less than \$755,018,892.

OBITUARY.

JAMES PURDY died at Mansfield, O., July 11, aged 93. He was the President of the Farmers' Branch Bank of State of Ohio, at this place, from its organization in 1846, until the bank ceased to exist by reason of its charter having expired, when it was merged into the Farmers' National Bank. He was elected its President, and continued to act as such until January, 1886, without interruption, excepting for one year—1875; thus making over forty years' services, and was a Director when he died.

NEW BANKS, BANKERS, AND SAVINGS BANKS.

(Monthly List, continued from July No., page 70.)

State.	Place and Capital.	Bank or Banker.	Cashier and N. Y. Correspondent.
CAL....	Los Angeles ... \$100,000	Southern California N. B. H. H. Boyce, <i>Pr.</i>	..... Wm. F. Bosbyshell, <i>Cas.</i>
CAL....	Pasadena \$10,000	San Gabriel Valley Bank . Frank W. Ward, <i>Pr.</i>	American Loan & Trust Co. B. W. Bates, <i>Cas.</i>
" ..	San Bernardino .. \$100,000	First National Bank..... J. H. Smith, <i>Pr.</i>	Chase National Bank. W. N. Crandall, <i>Cas.</i>
" ..	San Diego \$10,000	Sav. B'k of San Diego Co. Jas. M. Pierce, <i>Pr.</i>	..... John Ginty, <i>Sec. & Treas.</i>
CONN...	Bridgeport.....	Marsh, Merwin & Lemmon	.....
ILL....	Chicago \$10,000	Rock Sav. Bond Co. B'k. R. Sayer, <i>Pr.</i>	L. R. Giddings, <i>Treas.</i>
IND....	Muncie \$45,000	Farmers' Bank..... Geo. W. Spilker, <i>Pr.</i>	Winslow, Lanier & Co. Carl A. Spilker, <i>Cas.</i>
IOWA...	Fonda.....	Farmers' Loan & Tr. Co.	.....
" ..	Pomeroy.....	Farmers' Loan & Tr. Co.	.....
" ..	Primghar..... \$25,000	Primghar State Bank..... Frank Frisbee, <i>Pr.</i>	J. L. E. Peck, <i>Cas.</i>
KANSAS.	Alton..... \$25,100	State Bank of Alton..... Wm. S. Search, <i>Pr.</i>	National Bank of Republic. John T. Search, <i>Cas.</i>
" ..	Gypsum City... \$5,000	Gypsum Valley Bank..... J. T. Kirtland, <i>Pr.</i>	Kountze Bros. Wm. F. Flash, <i>Cas.</i>
" ..	Hartland \$5,000	Bank of Hartland..... Edgar Henderson, <i>Pr.</i>	Seaboard National Bank. John A. Cragun, <i>Cas.</i>
" ..	Kingman \$20,000	Kingman National Bank. Jas. L. Giessler, <i>Pr.</i>	..... American Exch. Nat'l Bank. Henry F. Giessler, <i>Cas.</i>
" ..	Oakley \$25,000	Bank of Oakley..... Strong & Ross.....	.....
" ..	Rush Centre... \$100,000	Salina National Bank J. W. Morris, <i>Pr.</i>	National Park Bank. F. C. Miller, <i>Cas.</i>
" ..	Salina \$100,000	South Haven Bank..... Geo. C. Wallace, <i>Pr.</i>	Gilman, Son & Co. James S. Hunt, <i>Cas.</i>
" ..	South Haven... \$20,000	Forest Land Mortgage B'k John Wesley Forest, <i>Pr.</i>	People's Bank. Geo. H. Post, <i>Cas.</i>
" ..	Thayer \$20,000	Wa Keeney Bank..... B'k of Webster... (Fratel & Coe)	Gilman, Son & Co. American Exch. in Europe.
" ..	Wa Keeney.... \$75,000	Winfield Savings Bank... John C. McMullen, <i>Pr.</i>	American Exch. Nat'l Bank. James Lorton, <i>Ass't Cas.</i>
" ..	Webster..... \$75,000	Winfield Savings Bank... John C. McMullen, <i>Pr.</i>	.....
LA.	Monroe.....	G. A. Singer.....	.....
" ..	" ..	Breard & Millsaps.....	Seaboard National Bank.
MINN...	Worthington... \$75,000	First National Bank..... Anton Knoblauch, <i>Pr.</i>	Hanover National Bank. Geo. J. Day, <i>Cas.</i>
MO....	Kansas City ... \$1,250,000	American National Bank. Wm. B. Grimes, <i>Pr.</i>	National Bank of Republic. Harry P. Stimson, <i>Cas.</i>
NEB....	Herman.....	Herman Bank..... (W. H. Whitson)	.....
" ..	Madison.....	Union Valley Bank..... H. E. Wood, <i>Pr.</i>	First National Bank. J. E. Douglas, <i>Cas.</i>
" ..	Pender \$5,000	Logan Valley Bank..... (Fruse & Priest) Herman Fruse, <i>Cas.</i>	United States National Bank.
" ..	Rushville..... \$5,000	Farm. & Merchants' Bank. V. C. Shickley, <i>Pr.</i>	Kountze Bros. C. W. Shickley, <i>Cas.</i>
" ..	Shickley..... \$5,000	Farm. & Merchants' Bank. V. C. Shickley, <i>Pr.</i>	.....
" ..	Strang.....	Fillmore Co. Bank..... M. Hettinger, <i>Pr.</i>	Chase National Bank. A. J. Hettinger, <i>Cas.</i>
N. MEX.	Silver City..... \$50,000	Silver City National Bank. Hartford M. Meredith, <i>Pr.</i>	Geo. D. Goldman, <i>Cas.</i>

<i>State.</i>	<i>Place and Capital</i>	<i>Bank or Banker.</i>	<i>Cashier and N. Y. Correspondent.</i>
OHIO...	Wapakoneta... \$100,000	People's National Bank... Francis Fritsch, <i>Pr.</i>	Francis J. McFarland, <i>Cas.</i>
OREGON	Dallas..... \$50,000	Dallas National Bank... Zenas F. Moody, <i>Pr.</i>	Malcolm A. Moody, <i>Cas.</i>
"	Portland..... \$100,000	Merchants' National Bank... James Steel.....	Hanover National Bank. I. A. Macrum, <i>Cas.</i>
PENN...	Philadelphia... \$100,000	Bank of America..... Louis E. Pfeiffer, <i>Pr.</i>	Richd. W. Cline, <i>Cas.</i>
S. C....	Laurens..... \$63,000	National B'k of Laurens... Jno. A. Barksdale, <i>Pr.</i>	W. A. Watts, <i>Cas.</i>
TENN. .	Shelbyville.... \$60,000	People's National Bank... Nathan P. Evans, <i>Pr.</i>	Smith J. Walling, Jr., <i>Cas.</i>
TEXAS, .	Ennis \$50,000	People's National Bank... Josiah Blakey, <i>Pr.</i>	United States National Bank. J. W. Weatherford, <i>Cas.</i>
"	Ballinger..... \$50,000	First National Bank..... Wm. S. Davis, <i>Pr.</i>	David M. Baker, <i>Cas.</i>
UTAH	Nephi \$50,000	First National Bank..... Geo. C. Whitmore, <i>Pr.</i>	Alma Hague, <i>Cas.</i>
WAS. T.	Sprague \$50,000	First National Bank..... H. W. Fairweather, <i>Pr.</i>	Importers & Traders' Nat'l Bank. George S. Brooke, <i>Cas.</i>
WIS. . .	Oconto \$50,000	Oconto National Bank.... Geo. Beyer, <i>Pr.</i>	Wm. K. Smith, <i>Cas.</i>
WYO. . .	Lusk.....	Richards Bros. & Brown..	Fourth National Bank.
ONT....	Norwich.....	The Molsons B'k.... T. B. Phepoe, <i>Mgr.</i>	Mechanics' N. B.

CHANGES, DISSOLUTIONS, ETC.

(Monthly List, continued from July No., page 73.)

ARK....	Fayetteville....	Wm. McIlroy & Co.
CONN...	Hartford.....	Morgan, Stokes & Co. Reported sold out.
ILL....	Mount Vernon.	Evans, Wilbanks & Co.; succeeded by Geo. W. Evans.
"	Winchester....	Miner, Frost & Hubbard; now Frost & Hubbard.
IOWA...	Brush Creek...	Brush Creek B'k (Rawson & Rice); succeeded by A. Rawson.
"	Des Moines....	Capital City Bank; now Capital City State Bank.
"	Persia.....	Bank of Persia (B. F. Freeman); now Freeman Bros. & Emminger.
KAN....	Attica.....	Bank of Attica; now Attica State Bank.
"	Louisburg.....	M. Reed & Co.; succeeded by Louisburg Bank.
"	Marion.....	John S. Christie; now Christie & Carter.
"	Salina.....	Salina Bank; now Salina National Bank.
"	Wa Keeney....	Wilson, Murray & Co.; succeeded by Wa Keeney Bank.
"	Wichita.....	Kansas State Bank; succeeded by State National Bank.
MASS...	Abington.....	Abington National Bank. Reported continued under new President.
"	Rockland.....	Rockland Savings Bank. Reported closed.
MICH...	Calumet.....	First Nat'l B'k of Calumet; location changed to Red Jacket.
Mo....	St. Louis.....	Provident Savings Bank. Reported suspended.
NEB....	Benkleman....	Dundy County Bank. Reported closed.
"	Hastings.....	Adams County Savings Bank; now Adams County Bank.
"	Omaha.....	Parrotte, Clarkson & Co.; succeeded by Parrotte Bros. & Co.
"	Kearney.....	Buffalo County Bank; now Buffalo County National Bank.
"	Stockville....	Frontier County Bank; removed to Curtis, Neb.
"	Superior.....	Commercial Bank; succeeded by First National Bank.
"	Weeping Water	Weeping Water Bank; succeeded by First National Bank.
OHIO...	Ravenna.....	E. S. Comstock retired.
PENN...	Ligonier.....	John H. Frank; succeeded by Bank of Ligonier.
VA.	Richmond.....	John L. Williams; now John L. Williams & Son.
ONT....	Niagara Falls..	Pierce, Howard & Co.; succeeded by G. H. Howard & Co.

CHANGES OF PRESIDENT AND CASHIER.

(Monthly List, continued from July No., page 72.)

	<i>Bank and place.</i>	<i>Elected.</i>	<i>In place of</i>
N. Y. City..	Madison Square Bank.....	Lewis Thompson, <i>Cas.</i> ...	L. Thompson, <i>A.C.</i>
ILL....	Chicago Nat'l Bank, Chicago..	Wm. Cox, <i>Ass't Cas.</i>	J. M. Adsit.
"	Champaign N. B., Champaign.	W. S. Maxwell, <i>Cas.</i>	J. C. Miller.
"	Second National Bank,	M. W. Gay, <i>Pr.</i>	J. T. McKnight.
"	Lincoln Nat'l Bank, Lincoln...	Josiah Babcock, <i>V. P.</i>	M. W. Gay.
"	First National Bank, Morrison.	F. C. Orton, <i>Cas.</i>	G. I. Harry.
"		W. S. Wilkinson, <i>V. P.</i>....	.....
IND....	Exchange Bank, Spencer.....	F. H. Freeland, <i>Cas.</i>	S. L. Wallace.
IOWA...	Brush Creek B'k, Brush Creek.	Chas. R. Carpenter, <i>Cas.</i>	Elmer F. Rice.
"	First National Bank, Griswold.	Frank M. Nichols, <i>A. C.</i>	.....
KAN....	Exch. Nat'l Bank, El Dorado..	J. D. Rearick, <i>Ass't Cas.</i>	.....
"	Salina National Bank, Salina..	W. T. Welch, <i>Ass't Cas.</i>	.....
KY....	National Bank of Hustonville.	Edward Alcon, <i>Pr.</i>	J. W. Weatherford.
ME....	Casco National Bank, Portland.	M. R. Goding, <i>Cas.</i>	W. T. Small.*
MD....	Montgomery Co. Nat'l B'k,	R. L. Stokes, <i>Cas.</i>	J. F. Byers.
"	Rockville.	J. F. Byers, <i>Ass't Cas.</i>....	.....
MASS..	Abingdon Nat'l B'k, Abingdon.	Albert Davis <i>Pr.</i>	R. J. Lane.
"	Union Savings B'k, Fall River.	Benj. Covell, <i>Pr.</i>	Augustus Chace.
MICH..	Alpena National Bank, Alpena.	F. W. Gilchrist, <i>V. P.</i>	C. W. Richardson.
"	First National Bank, Ionia....	S. A. Yeomans, <i>Pr.</i>	A. Sessions.*
"	First Nat'l Bank, South Haven.	F. G. Dewey, <i>Ass't Cas.</i>	.....
MO....	Saxton National Bank,	S. C. Woodson, <i>ad V. P.</i>	.....
"	St. Joseph.	J. W. McAlister, <i>Cas.</i>	R. W. Hocker.
NEB....	Nat'l B'k of Ashland, Ashland.	H. G. King, <i>Ass't Cas.</i> ...	Geo. V. Argabright.
"	Norfolk Nat'l Bank, Norfolk.	John R. Hays, <i>Cas.</i>	J. A. Read, <i>Act'g.</i>
"	First Nat'l Bank, North Bend.	C. Cusack, <i>Cas.</i>	G. C. Hickok.
"	Union National Bank, Omaha.	John W. Rodefer, <i>V. P.</i>	.....
"	First Nat'l Bank, Plattsmouth.	S. Waugh, <i>Cas.</i>	A. W. McLaughlin.
N. Y..	Millertown Nat'l B'k, Millert'n.	J. R. Paine, <i>V. P.</i>	N. C. Beach.
"	National Bank of Castleton....	P. G. Ten Eyck, <i>Pr.</i>	J. D. Smith.*
OHIO..	First National Bank, Athens.	J. M. Goodspeed, <i>V. P.</i> ...	J. M. Welch.
PA.....	Seventh Nat'l B'k, Philadelphia.	Paul Brown, <i>Ass't Cas.</i>	.....
"	Western Nat'l Bank,	John C. Garland, <i>A. Cas.</i>	Arthur Wells.*
R. I....	First National Bank, Warren..	J. Waterman, <i>Pr.</i>	G. L. Cooke.
TEX....	Fannin Co. Bank, Bonham....	Geo. A. Preston, <i>Cas.</i>....	.....
VT....	Howard National Bank,	F. M. Van Sicklen, <i>Pr.</i> ...	L. Barnes.
"	Burlington.	C. M. Spaulding, <i>V. P.</i> ...	F. M. Van Sicklen.
WIS...	Milwaukee Nat'l B'k, Milwaukee	J. McClure, <i>Ass't Cas.</i>....	.....
WYO...	Laramie Nat'l Bank, Laramie..	L. C. Hanks, <i>Ass't Cas.</i>	.....

* Deceased

ACTING SECRETARY FAIRCHILD of the Treasury Department has decided that certain ready-made clothing imported into the United States by a citizen of this country, who went to Montreal expressly to purchase the clothing, is not exempt from duty as wearing apparel in use of a person arriving in the United States.

A NEW counterfeit five-dollar gold piece has been discovered in Newark. It bears the date of 1821, and is larger in diameter and thicker than the genuine. The workmanship is good and the color is fair. In the head of Liberty the chin is much elongated, and the "n" in the word "United" is reversed. The weight is eight grains less than the genuine, and the intrinsic value of the metal about one-half.—*N. Y. Times.*

OFFICIAL BULLETIN OF NEW NATIONAL BANKS.

(Continued from July No., page 71.)

No	Name and Place.	President.	Cashier.	Capital.
3524	State National Bank..... Wichita, KAN.	Benj. Lombard, Jr.,	L. D. Skinner,	\$52,000
3525	First National Bank..... Great Falls, MONT.	Chas. A. Broadwater,	Louis G. Phelps,	50,000
3526	Buffalo Co. National Bank..... Kearney, NEB.	Ross Gamble,	Albert T. Gamble,	100,000
3527	First National Bank..... San Bernardino, CAL.	J. H. Smith,	W. N. Crandall,	100,000
3528	First National Bank..... Sprague, WASH. TER.	H. W. Fairweather,	Geo. S. Brooke,	50,000
3529	First National Bank..... Superior, NEB.	D. Bosserman,	L. B. Adams,	50,000
3530	People's National Bank..... Shelbyville, TENN.	Nathan P. Evans,	Smith J. Walling, Jr.	60,000
3531	Salina National Bank..... Salina, KAN.	J. W. Morris,	F. C. Miller,	100,000
3532	People's National Bank..... Ennis, TEX.	Josiah Blakey,	J. W. Weatherford,	50,000
3533	First National Bank..... Ballinger, TEX.	Wm. S. Davis,	David M. Baker,	50,000
3534	Dallas National Bank..... Dallas, OREGON.	Zenas F. Moody,	Malcolm A. Moody,	50,000
3535	People's National Bank..... Wapakoneta, OHIO.	Francis Fritsch,	Francis J. McFarland,	100,000
3536	Merchants' National Bank..... Portland, OREGON.	James Steel,	I. A. Macrum,	100,000
3537	First National Bank..... Nephi, UTAH.	Geo. C. Whitmore,	Alma Hague,	50,000
3538	Southern California Nat'l B'k... Los Angeles, CAL.	H. H. Boyce,	Wm. F. Bosbyshell,	100,000
3539	Silver City National Bank..... Silver City, N. MEX.	Hartford M. Meredith,	Geo. D. Goldman,	50,000
3540	National Bank of Laurens..... Laurens, S. C.	Jno. A. Barksdale,	W. A. Watts,	63,000
3541	Oconto National Bank..... Oconto, Wis.	Geo. Beyer,	Wm. K. Smith,	50,000

The reports of the New York Clearing-house returns compare as follows:

1886.	Loans.	Specie.	Legal Tenders.	Deposits.	Circulation.	Surplus
July 3...	\$355,743,700	\$64,483,900	\$40,890,400	\$377,411,400	\$7,819,700	\$11,021,450
" 10...	355,004,200	65,693,100	42,253,900	379,142,200	7,793,500	13,161,500
" 17...	353,615,600	63,723,700	45,069,000	380,727,100	7,761,500	13,610,925
" 24...	353,804,000	63,978,000	44,995,200	378,812,000	7,817,600	14,270,200
" 31...	354,327,400	64,271,200	43,033,300	377,703,100	7,854,000	12,878,725

The Boston bank statement is as follows:

1886.	Loans.	Specie.	Legal Tenders.	Deposits.	Circulation.
July 3...	\$111,148,000	\$9,884,000	\$2,861,000	\$111,776,900	\$16,596,000
" 10...	150,160,000	9,689,300	3,100,600	110,357,900	16,680,700
" 17...	149,029,500	9,768,400	3,001,000	108,942,500	16,676,100
" 24...	148,187,900	9,472,800	3,066,800	106,474,800	16,417,700

The Clearing-house exhibit of the Philadelphia banks is as annexed:

1886.	Loans.	Reserves.	Deposits.	Circulation.
July 3.....	\$85,634,000	\$24,870,300	\$85,870,900	\$5,848,000
" 10.....	86,672,900	25,029,700	86,548,100	5,858,700
" 17.....	87,949,000	24,382,900	87,328,400	5,869,000
" 24.....	88,520,400	23,625,500	86,065,100	5,918,500

STATEMENT OF THE ASSESSMENTS OF SHAREHOLDERS OF BANKS FOR THE YEAR 1886.

Name of Bank.	Number of Shares.	Par.	Capital.	Gross Value per Share.	Gross Value.	Interest in Clearing House.	Real Estate.	Total Real Estate.	Ass'd Value.	Assessed to Shareholders.	Sworn off.	Ex-empt.	Total Sworn off and Ex-empt.	Amount on Tax Receiver's Book.
		\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
American Exchange Nat'l.	50,000	100	5,000,000	113 80	5,690,000	16,500	473,500	490,000	104	5,200,000	214,599	76,960	291,559	4,908,441
Bank of America.....	30,000	100	3,000,000	134 30	4,029,000	9,900	419,100	429,000	120	3,500,000	147,272	52,920	200,192	3,399,808
Bank of North America.....	10,000	70	700,000	72 03	729,300	3,300	167,000	170,300	55	550,000	134,255	1,100	135,355	414,645
Bk of New York, N.B.A.	20,000	100	2,000,000	142 00	2,849,000	9,900	570,100	580,000	113	2,260,000	113,000	29,719	142,719	2,117,281
Bank of the Metropolis.	3,000	100	300,000	144 00	432,000	.....	.....	.....	144	432,000	67,104	.....	67,104	364,896
Bk of the State of N. Y.	8,000	100	800,000	115 10	920,800	6,600	242,200	248,800	84	672,000	5,944	7,728	13,672	658,328
Bowery National.....	2,000	100	200,000	176 53	341,325	825	38,000	38,000	161	402,500	261,558	.....	261,558	140,942
Central National.....	20,000	100	2,000,000	102 43	2,048,600	6,600	422,000	428,600	81	1,620,000	84,966	1,782	86,751	1,533,249
Chemical National.....	3,000	100	300,000	136 03	4,083,090	990	197,100	198,090	1295	3,885,000	41,440	.....	41,440	3,843,560
Chase National.....	3,000	100	300,000	127 00	381,000	.....	.....	.....	127	381,000	353,060	.....	353,060	27,940
Chatham National.....	18,000	25	450,000	36 45	656,100	1,485	42,615	44,100	34	612,000	293,930	.....	293,930	318,070
Continental National...	10,000	100	1,000,000	100 44	1,064,400	4,950	649,450	654,400	41	410,000	131,733	3,198	134,931	275,069
Columbia.....	1,000	100	100,000	81 00	81,000	.....	.....	.....	81	81,000	2,430	.....	2,430	78,570
Corn Exchange.....	3,000	100	300,000	170 03	1,700,300	3,300	137,000	140,300	156	1,560,000	163,949	7,332	171,281	1,388,719
Commercial National.....	10,000	25	250,000	94 00	282,000	.....	.....	.....	94	282,000	128,310	.....	128,310	153,690
East River National.....	4,000	25	100,000	27 24	272,400	1,155	81,245	82,400	19	190,000	51,768	.....	51,768	138,232
Eleventh Ward.....	5,000	25	100,000	29 00	116,000	.....	20,000	20,000	24	60,000	47,568	.....	47,568	48,432
First National.....	32,000	100	3,200,000	77 30	3,856,500	1,650	499,850	501,500	671	3,355,000	3,334,870	.....	3,334,870	20,130
Fourth National.....	1,500	100	150,000	114 44	231,750	1,980	69,750	69,750	108	162,000	113,616	20,691	134,307	3,007,518
Fifth National.....	20,000	30	600,000	31 00	620,000	.....	18,020	20,000	30	600,000	90	2,250	2,340	48,384
Fulton National.....	1,000	100	100,000	49 00	499,000	.....	.....	.....	499	499,000	74,850	.....	74,850	597,660
Fifth Avenue.....	2,000	100	200,000	87 00	1,740,000	18,150	161,850	180,000	78	1,560,000	25,974	15,600	41,574	1,518,426
Gallatin National.....	2,000	100	200,000	119 00	238,000	.....	.....	.....	119	238,000	146,370	.....	146,370	91,630
Garfield National.....	2,000	100	200,000	150 00	300,000	.....	.....	.....	128	256,000	145,536	.....	145,536	110,464
German American.....	10,000	75	750,000	77 48 1/2	774,840	4,840	44,000	44,000	77	779,000	27,566	.....	27,566	742,434
German Exchange.....	2,000	100	200,000	182 00	364,000	.....	.....	.....	151	302,000	226,349	.....	226,349	75,651
Greenwich.....	8,000	25	200,000	25 00	200,000	660	15,340	16,000	23	184,000	42,734	.....	42,734	141,266
Hanover National.....	10,000	100	1,000,000	126 83	1,268,300	3,300	55,000	58,300	101	1,210,000	468,382	847	469,229	800,771
Home.....	1,250	100	125,000	101 00	126,250	.....	.....	.....	101	126,250	119,180	.....	119,180	7,070
Importers & Trad. Nat'l.	15,000	50	1,500,000	230 50	3,457,500	4,950	227,550	232,500	215	3,225,000	468,780	5,375	474,155	2,730,845
Irving National.....	10,000	50	500,000	50 16	501,600	1,650	109,950	111,600	45	450,000	84,595	.....	84,595	395,405
Leath, Manufacturers Nat	6,000	100	600,000	152 03	912,000	1,980	274,200	276,180	106	636,000	80,666	9,540	90,206	545,794
Lincoln National.....	3,000	100	300,000	100 00	300,000	.....	.....	.....	100	300,000	.....	.....	.....	300,000

Madison Square.....	2,000	100	200,000	80	00	160,000	...	...	80	160,000	37,600	...	37,600	122,400
Mount Morris.....	1,000	100	100,000	123	00	123,000	...	...	123	123,000	86,838	...	86,838	36,162
Manhattan Company.....	41,000	50	2,050,000	61	58	2,542,780	556,780	...	48	1,953,000	29,568	71,568	101,136	1,866,864
Market National.....	5,000	100	500,000	141	06	705,300	42,000	3,300	132	660,000	74,516	924	75,440	584,560
Mechanics' National.....	80,000	25	2,000,000	35	70	2,850,000	440,400	6,600	30	2,400,000	111,330	41,430	152,760	2,247,240
Mechanics' National.....	10,000	100	1,000,000	111	35	1,113,500	183,500	3,300	93	930,000	76,886	...	76,886	83,114
Mechanics & Trad. Nat'l.	8,000	25	200,000	24	40	195,680	49,700	1,980	18	144,000	82,296	306	82,602	61,398
Merchants' Exch. Nat'l.	12,000	50	600,000	45	00	520,000	104,700	3,300	31	372,000	37,118	1,457	38,593	333,405
Merchants' National.....	40,000	50	2,000,000	57	00	2,480,000	150,100	9,900	43	1,720,000	87,118	57,405	144,523	1,575,477
Murray Hill.....	2,000	50	100,000	110	00	220,000	100,000	1,650	84	120,000	70,440	...	70,440	49,560
N. Y. Nat'l. Exchange.....	3,000	100	300,000	101	00	303,000	49,350	1,650	84	252,000	32,766	...	32,766	219,234
Nassau.....	10,000	50	500,000	49	33	493,300	...	...	49	490,000	12,103	...	12,103	477,897
National City.....	10,000	100	1,000,000	231	83	2,318,300	385,000	3,300	193	1,930,000	88,201	9,264	97,465	1,832,535
Nat'l. Bk. of Commerce.....	50,000	100	5,000,000	140	06	7,033,300	600,000	33,000	128	6,400,000	166,018	185,216	351,232	6,048,768
Nat'l. Bk. of the Republic.....	15,000	100	1,500,000	115	76	1,736,400	499,800	6,600	82	1,230,000	45,836	4,510	50,346	1,179,654
National Park.....	20,000	100	2,000,000	132	23	2,644,600	898,000	6,600	87	1,740,000	117,363	9,222	126,585	1,613,415
National Broadway.....	20,000	25	1,000,000	53	50	2,140,000	260,700	3,300	29	1,840,000	759,082	...	759,082	1,089,018
Nat'l. Butch. & Drivers'.....	40,000	25	300,000	38	00	432,000	81,360	2,640	29	348,000	37,410	2,523	39,933	308,667
National Citizens'.....	24,000	25	600,000	28	00	672,000	211,700	1,980	19	456,000	53,522	...	53,522	402,478
Nat'l. Shoe & Leather.....	5,000	100	500,000	122	00	610,000	...	...	79	395,000	10,432	6,004	22,436	372,564
N. Y. County Nat'l.....	2,000	100	200,000	93	00	186,000	33,340	660	76	152,000	...	...	...	152,000
N. Y. Produce Exchange.....	10,000	100	1,000,000	96	00	960,000	...	...	96	960,000	176,816	...	176,816	783,184
North River.....	8,000	30	240,000	30	40	243,200	73,880	1,320	21	168,000	840	...	840	167,160
Ninth National.....	7,500	100	750,000	107	00	802,500	452,550	4,950	46	345,000	85,468	...	85,468	259,532
Nineteenth Ward.....	1,000	100	100,000	93	00	93,000	...	...	93	93,000	930	...	930	92,070
Oriental.....	12,000	25	300,000	38	00	456,000	95,010	990	30	360,000	40,500	1,200	41,700	318,300
Pacific.....	8,454	50	422,700	67	50	570,645	62,011	1,394	60	397,240	34,920	...	34,920	472,320
People's.....	8,000	25	200,000	34	55	278,800	69,438	1,362	26	268,000	2,470	...	2,470	205,530
Phoenix.....	50,000	20	1,000,000	20	60	1,030,000	324,060	5,940	14	700,000	38,136	3,850	41,986	658,014
Seaboard.....	5,000	100	500,000	109	00	545,000	...	...	109	545,000	360,474	...	360,474	184,526
Second National.....	3,000	100	300,000	84	33	252,990	...	990	84	252,000	54,600	...	54,600	197,400
Seventh Ward National.....	3,000	100	300,000	100	33	306,990	...	990	100	300,000	28,700	...	28,700	271,300
St. Nicholas.....	5,000	100	500,000	113	26	566,300	3,000	3,300	112	566,000	28,598	6,832	35,430	524,570
Sixth National.....	2,000	100	200,000	100	00	200,000	...	...	85	170,000	...	...	...	170,000
Third National.....	10,000	100	1,000,000	100	67	1,066,700	43,400	3,300	96	966,000	20,640	...	20,640	939,360
Traders' National.....	25,000	40	1,000,000	39	60	990,000	286,700	290,000	28	700,000	108,924	1,400	110,324	589,676
United States National.....	5,000	100	500,000	106	00	530,000	...	...	106	530,000	350,542	...	350,542	170,458
Wall Street.....	10,000	50	500,000	1	00	10,000	...	...	1	10,000	1,041	...	1,041	8,959
West Side.....	2,000	100	200,000	132	00	264,000	...	...	132	264,000	50,696	...	50,696	207,304
Total.....	59,637	700	83,257,300	250,476	12,269,834	12,590,310	...	...	70,736,990	11,085,994	638,153	11,724,147	59,012,843	

FLUCTUATIONS OF THE NEW YORK STOCK EXCHANGE, JULY, 1886.

[illegible]

NOTES ON THE MONEY MARKET.

A FINANCIAL AND COMMERCIAL REVIEW.

July has been a more seasonable month, both for agriculture and commerce, so far as the temperature was concerned, but this has been offset by still another unfavorable condition of the weather, that has threatened more serious consequences to agriculture, and the transportation interests, as well as to our commerce, both home and export, than the cold weather of the late spring and early summer. This has been a prolongation of the dry weather of May and June in the spring wheat and corn belts respectively, which has materially reduced the crop conditions and prospects in those sections, and at one time threatened us with another very short wheat crop, and a serious reduction of the corn crop, as well as that of oats and hay, which latter cannot recover from the effects of this protracted drought, as they are already harvested or matured. The winter wheat crop was not materially injured, but rather helped, as it enabled it to be harvested in fine condition and early, as shown by the heavy and unusually early movement of the new crop to market, notwithstanding the low prices. The loss on the spring crop is variously estimated at twenty to forty millions of bushels, according to the estimators' interests, as railroad stocks have been unfavorably affected by this prospective crop shortage, while the values of these staples of commerce have been advanced thereby, and speculation controlled at the stock and commercial exchanges of the country. The Government's August report is expected to settle the amount of additional damage done to spring wheat since July 1st, when the last report was closed. But the supplementary July estimate is believed to show about what the final result will be. The accepted crop estimate on July 1st was 435 millions of bushels, of which 295 millions were winter and 140 millions spring wheat. Now the latter is generally placed at 120 to 125 millions of bushels, which would still leave a new crop of at least 415 millions of bushels, which, added to the reserves carried over from old crop of 60 millions (estimated), will give a total supply of 475 millions, against a crop of 357 millions last year, and a surplus from the crop of 1884 of 120 millions of bushels, or a total supply of 477 millions of bushels. The statistical position of our wheat crop at home, and the prospective traffic of the wheat roads is therefore seen to be about the same as a year ago, while the prospects of our export demand are considerably better, owing to the wheat crops and stocks of other importing and exporting countries being generally less than a year ago. The free and early movement of this crop upon the basis of the lowest prices of last crop, instead of the reverse, as in 1885, while our supplies are no greater than then and the world's supplies less, indicate a much sounder position of this trade than a year ago, and a safer basis for free exports than then, when the first half of the crop year was virtually lost to our export trade by speculation, which bulled wheat at \$1.10 on a short crop, and kept it at home to sell at 95 down to 85c. to shippers during the last half of the crop year. It will be seen, therefore, that with virtually the same supply as in 1885, and this crop moving freely at 85c., instead of slowly at \$1.10, what an advantage this year has over last, and how much better it is being used. This means

better traffic for the railroads, better country trade and collections, more active employment of money, warehouse and transfer facilities, better commission business, better demand for lake, canal and ocean tonnage, and increased demand for new rolling stock from the railroads to move this wheat crop, which will start the iron and other manufacturing industries into new life to supply this demand for tonnage to the seaboard and manufactured goods back to the farmer in exchange therefor.

So far as the wheat crop is concerned, therefore, the country has escaped any serious general calamity from the drought, although parts of Dakota and Minnesota, and especially of Wisconsin, will suffer materially.

As to the loss to the other cereal crops from the dry weather, it will affect most of the Mississippi Valley, but not as a whole, the drought having been "spotted," or in sections, rather than general. The surplus of oats and corn carried over from last crop, not like that of wheat, is larger this year than last, and than the average, if not than ever before. This will insure full supplies of both, and give the transportation, warehouse, transfer, commission, and shipping interests more to do than last year, even should the crop be less. For our export trade in feed for animals has not suffered the inroads from foreign competition that our export trade in food for man has experienced in the past few years. American corn is still king, even if the supremacy of King Cotton, King Pork, and King Wheat has been wrested from us by cheap Indian cotton and wheat and protected French and German pork. Yet, with the great reduction in the cost of producing American wheat, cotton and pork within the past few years, we are slowly but surely recovering our lost export trade in those three great staples, as well as extending that in corn. With the return of better times, and bull instead of bear speculation, our chief danger will be from forcing prices above a legitimate basis again, as we did from 1879 to 1882, when we planted the seeds of competition in India and the rest of the world, which have since under-produced us and over-supplied the world's wants, causing the loss of American supremacy in the agricultural export trade.

This space has been given to the crop situation in this number, because upon it the position of all other interests directly or indirectly depends in more than the usual degree, since the want of a good export trade last year was the chief brake upon the recovery of business prosperity. The stress that has been laid upon the damage to this year's crops by the drought has led some to doubt if short crops, lighter exports and higher prices for home consumers, and increased cost of living and of raw material; would not still further aggravate the labor troubles by reducing employment for labor and demand for manufactured goods at the same time that short crop would again enhance the prices of both. The foregoing will dispel such doubts by showing that reports of damage to crops have been exaggerated for speculative effect, and that the injury done is probably offset by the other conditions above explained.

Next to the harvest, the labor troubles have been regarded as the most important factor in the business situation. The renewal of the switchman's strike on the Lake Shore road after it had been settled, had a depressing effect upon values for a time. But the action of the United States courts was as effective as novel in opening traffic on the ground that obstructing traffic on roads that were carrying imported goods in bond, as the Lake

Shore claimed to be, was an offence against the laws of the general instead of the State Government. This decision had a good effect, and not only stopped the extension of the strike that was feared, but ended that in Chicago and restored confidence again. This was aided by the fact coming out that the renewal of the Lake Shore troubles was due to bad faith in the president of the road, who broke the agreement by which the former trouble was settled amicably, and not to any disposition of the switchmen to make new trouble. Outside of this there have been few serious differences between capital and labor, and those in localities only, chiefly in Philadelphia and the neighborhood of Boston. The bituminous coal strike, on the other hand, has been ended by satisfactory compromise, as have several less important ones during July.

Hence the labor outlook is no less if no more favorable than a month ago, and bids fair to remain so until business improves, when strikes naturally lessen as they increase with bad times, and will continue to do until both sides become tired of the endless contest, and conclude that it is cheaper as well as better for both to pocket their pride or even yield some of their rights than sacrifice all, in ruining their interests, which are mutual, and cannot be attacked, either in the rights of capital or labor, without in the end equally injuring the party which inflicts the wrong, as labor and honest capital are and must be kept equal in this great industrial partnership, upon which our prosperity and our civilization rests, both bound by monopolies of each. The foregoing remarks upon the agricultural and industrial position of affairs indirectly shows the commercial situation, so far as the general condition of most of our export staples is concerned. Cotton has been affected somewhat by the drought; yet it has not extended sufficiently south to affect the crop seriously, except in parts of the south-west and the northern half of the Cotton Belt. The tendency of the market has been rather to harden, as has been the case with other export staples, excepting the weakness in wheat under the heavy movement of new crop, which is regarded as temporary, or at least at its maximum. Exports have been quite liberal as well as the movement of the old crop, which has kept up remarkably well, and offset the better demand at Liverpool. Petroleum has cut loose from the stock market and declined under the pressure of new wells, some of which have been advertised as "gushers," and have in cases earned the name. The cliques have been on the bear side, and the Standard, too, is supposed to favor that side, and while laying cheap crude away to sell refined ahead for export freely, and later on, bull the crude market itself, as it did a year ago.

The other markets show little of interest for comment, except that all seem to be in a healthy condition, with an improving tendency, and good prospects for fall trade.

The financial position of affairs is the only other exhibiting features of interest not covered above. The selling of American railroad securities by London, noted in our last, was reversed early in the month, since when London has been a steady, and, at times, a free buyer. This has checked the exports of gold, which have been small since early in July. The surplus bank reserves have been reduced to about fifty millions less than a year ago. This is owing to the stronger demand from the country to move the balance of the last crops of cotton, oats and corn, and the new

crop of wheat. There has also been more inquiry from manufacturing centres. The proposed operations of the Treasury, contemplated under the Morrison bill, have affected the Government bond market favorably. The rate of money has not materially changed, though at times it has been bid up beyond the ruling rates of 2 to 3 per cent. There is more commercial paper on the market, and it is readily taken by the banks at firmer rates. The effect of the Lake Shore strike on the stock market early in the month was seen more in restricting operations than in marked declines, although there was considerable shrinkage in values. The Chicago operators, who led the bull campaign in the Grangers last month, have left the stock market and gone into wheat and corn and provisions, and sold out their stocks on the damage to the grain crops, and prospective decrease in the traffic of the grain roads in consequence. As they had bulled them in June on the prospects of very large crops, their action in July was logical, yet they have not appeared inclined to bear stocks on this theory. Hence the market for stocks has been without a leader, except for a time, when Gould's hand was visible on the bear side of the market, led by his Western Union on the war of rates and stoppage of dividends, while he declared that they would not be resumed until his rival telegraph lines shall lie down, to use his own words. Otherwise he has not shown his hand to any extent. Hence the stock market is dragging along through a midsummer dullness in strong contrast to the West Shore boom that was carrying the whole list up a year ago under the lead of the Vanderbilts, which were taken so freely by the late Mr. Vanderbilt and his great following on both sides of the ocean. There seems to be no decided tendency to the market either way, as it is the most free from manipulation for a long time as many of the old pools lately liquidated in anticipation of a higher money market the coming fall.

The dry goods distributive trade has begun early this summer for next autumn's wants, and the market for textile manufactures is improving on a widening demand as well as that for iron. The coal trade is yet bad, but it is getting better on manufacturing sizes, though domestic kinds are piling up as usual in summer. The entire business outlook is shown to be improving by the steadily decreasing number and amount of failures, while the clearings of the chief cities nearly all show a marked increase over last year, in spite of the present dullness in stock speculation.

DEATHS.

BARNES.—On June 21, aged seventy-one years, LAWRENCE BARNES, President of the Howard National Bank, Burlington, Vt.

FULLINGTON.—On July 3, aged fifty-eight years, JAMES FULLINGTON, partner of firm of Fullington & Phellis, Proprietors of Bank of Marysville, Marysville, Ohio.

MARSH.—On June 5, aged sixty-eight years, CHARLES MARSH, President of Miami Savings Bank, Miami, Ohio.

PURDY.—On July 11, aged ninety-three years, JAMES PURDY, President and Director of the Farmers' National Bank, Mansfield, O.

SMALL.—On June 23, aged forty-two years, WM. T. SMALL, Cashier of Casco National Bank, Portland, Me.

WILLIAMS.—On June 25, aged forty-one years, F. R. WILLIAMS, Assistant Cashier of the Central State Bank, Lyons, Kansas.

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THE BANKERS' CONVENTION.

The convention in Boston, like that in Chicago last year, was a highly enjoyable affair. Some excellent papers were read, and the proceedings were seasoned with a series of social entertainments, for which Boston has long been noted. After a long waiting the members have learned that by relieving their sober discussions at the convention with a larger measure of social intercourse, their annual gatherings may be rendered truly delightful.

The papers covered a broad field, and doubtless several of them will furnish considerable food to the listeners. But the educating or enlightening work of the convention is by no means confined to the papers prepared for the members. A thousand matters of banking practice which are mentioned in them, or suggested by them, or which may have been for a long time in the minds of those attending are discussed privately, and doubtless many a member goes home pleasantly thinking that he knows more about many matters than when he went thither. This work of the convention, unseen by the outside world, is, perhaps, the most valuable feature of these yearly meetings.

For two or three years past especially, the question has been asked, cannot the convention do more in the way of stimulating study on the part of the younger men engaged in the banking business? Something has been done in this direction; books for study have been recommended to be followed by examination. In England and Scotland work of this nature has been undertaken, with a large degree of success. Are we to conclude either that the young men in the

banks in this country are less eager to equip themselves properly for their position, or that there is less need of doing so than in other countries? What reply shall be given? So far as the need of better training is concerned, we insist that a higher order of ability is becoming more and more necessary in all kinds of business to succeed in this country. Competition has grown sharper, business has become more intricate, a larger view of its surroundings is needful than formerly. Once money-making was an easy thing in our country, but that day has passed. It is not quite true for the successful business man to say to those around him, "Do as I have done, and you will succeed." Very likely if you do like him you will fail. More thorough training is necessary, and those who resolutely apply themselves to get it are the persons who are to distance the rest in the race.

The association can impress this truth of the need of better training on the junior officials as no other body can. As for those who ought to get it, this may be said that some of them perceive the necessity and are desirous of gaining it; a large number either do not perceive the necessity, or, if they do, are too indifferent or lazy to acquire the training. There is nothing peculiar about them in this regard. A vast majority of persons in all occupations have the same nature, the same lack of ambition or desire to do their best. Those who rise are the few exceptions; the great majority neither like work nor do more than the necessary minimum to get a living or keep their place. Like electricity, they move along the line of least resistance. They are quite satisfied as they are, or do not think a greater effort will yield an adequate result. So they are moving along with the tide of life, many of them discontented and regarding their lot as hard, when, if they would make the effort to become more efficient in their business, they would find a genuine pleasure issuing from the effort itself, beside the certainty of greater success in their calling.

In other countries are bankers' institutes and kindred associations for educating bank clerks, and it may be asked, why cannot they be found here? It is true that our country is much larger, yet many banks are in the large cities, and certainly in these such institutions might be organized. It is to be hoped that the Bankers' Association will keep this matter clearly in sight, and impress in the strongest manner the necessity of getting such training. No fitting opportunity should be lost to encourage the getting of it, as well for the clerks themselves as for the future reputation of the business of banking.

THE BOND CALLS.

The last two calls for bonds, following each other so closely, clearly show that the treasury department is evidently determined to execute the Morrison surplus resolution so far as this can possibly be done without weakening the condition of the treasury. It is said that the United States Treasurer was opposed to these calls, on the ground, we suppose, that payment of the bonds would deplete too much the treasury's stock of gold and thereby endanger the maintenance of the gold standard of payment. Whether he is right in his position depends on the probable destination of the gold paid by the Government. If the balance of trade were against us, or foreign investors were selling securities here in large amount, so that gold would probably be sent abroad, then we might regard these large gold payments by the treasury with disquietude; but if the gold is not likely to be exported, which is the stronger supposition, but to remain here and soon find its way back again into the treasury, then the payment of the bonds will not seriously affect the policy of the treasury department in trying to maintain the gold standard. At present the outlook decidedly favors gold imports, and so long as these continue we can perceive no danger in proceeding as rapidly as possible in reducing the debt.

In support of this view the following extract from the Washington correspondent of the New York daily *Commercial Bulletin* is worth giving:

The effect of the increased liberality with which gold is being paid out by the Government at New York is daily becoming more and more apparent. The receipts of the New York Sub-Treasury for August 2nd, before gold payments began, were 91 per cent. legal tenders and only $2\frac{1}{4}$ per cent. gold and gold certificates. With each day of the present month the percentage of gold has increased, until on the twenty-third instant the receipts were 28 per cent. in gold and 56 per cent. in legal tenders. The indications apparently justify the expectations of the Treasury officials that the proportion of gold in the receipts while the present policy is adhered to may become as high as forty per cent.

One lesson drawn from the increasing gold receipts certainly is that the present disposition to hoard gold has been somewhat exaggerated. The propensity to hoard cannot be very active when the gold issued by the Government drifts back so rapidly. As there has undoubtedly been a great deal of hoarding of late, it is inferred from the current returns that as much gold is held by the hoarders as they deem best to carry under existing conditions, or that the tendency of events has been to diminish the desire to and reasons for hoarding gold.

But the payment of the bonds has another effect which is serious. Formerly, when the Secretary of the Treasury called bonds, the effect on the money market was immediately to ease rates, and hence such action in times when money was scarce was regarded with much favor. But such is no longer the effect of paying the bonds, for the reason that the only bonds which the Government now has the right to redeem at par are the \$132,011,750 of 3 per cents., and as the unmatured 4s. and 4½s. are so high that the national banks cannot afford to hold them, \$111,711,550 of the 3 per cents. are held by the banks as collateral for their circulation. Consequently, every call of bonds at the present time causes a surrender of bank notes and consequent contraction of the currency; and the expectation of future calls is constantly inducing banks to retire their notes and sell their bonds. Indeed, all along the banks, believing that in any event their bonds would soon be called, have been selling them, and thus reducing their circulation. We have on several occasions shown that while neither the money market nor trade had been immediately disturbed by this event, they certainly would be as soon as business revived and the need for money grew stronger. This has now happened. We are beginning to feel the loss of the bank circulation, for while discounts are made from deposits and these again consist chiefly of checks, yet there is always a small basis at least of money of one kind and another, and the impairment of this basis cannot be without less hazard when the superstructure of checks and other paper credits is large than when it is small. Consequently, the question is now asked on all sides, what can be done to fill the place of the National bank notes? Various plans have been mentioned. Once again we ask, why cannot Government notes without the legal tender quality be issued to the amount of the bank notes redeemed? And inasmuch as there are several tons of silver belonging to the treasury which, after all, has a very considerable value, though no one wishes to use it, why not employ that as an additional security for the notes if any one desires more than the good faith of the Government? The silver thus used might be set apart from the rest and reckoned at its gold valuation, and thus two things would be accomplished—the using of it and the increasing of the monetary circulation.

FINANCIAL FACTS AND OPINIONS.

David A. Wells never does anything by halves. He slashes round wildly, like the wielders of the shillalah at Donnybrook Fair. A characteristic specimen of his style in that particular is his denunciation of everything in the schedule of the internal taxes of the Central Mexican Government. He denounces every one of them, when in fact the larger part of them are not only sound in principle, but have been approved in the practice of the most enlightened countries. He also denounces the method of collecting these taxes by stamps, which is one of the most convenient, economical, and effective modes of collecting revenue ever devised, wherever it is a mode reasonably possible to be resorted to at all. It is not many years ago that the managers of the *New York Journal of Commerce* expressed the wish that the whole revenue of our own Government could be collected by stamps. In this country, where \$50,000,000 of postal revenue is paid by stamps, everybody old enough to remember when postage stamps were not used, knows how much more convenient they are than anything which preceded them. Mr. Wells denounces a tax on "collateral or bequeathed inheritance," when there is no government in Europe which does not collect one, as did all the most enlightened nations of antiquity. He denounces taxes on sales of real or personal property, than which no tax can be fairer, as there are none which come more clearly within the principle that men can pay taxes most easily when they are engaged in a transaction from which they receive money. Stamps on railroad and theatre tickets and on playing cards he denounces, as he also denounces three-per-cent taxes on sales of spirits, and four-per-cent. taxes on the gross receipts of city railroads. Our inference is that he dislikes taxation in the abstract, and would prefer to see governments sustained wholly by loans.

At a recent meeting in London of the shareholders of the Peninsular Railway of India, the officials of the company, after referring to the increase in the wheat carried over the road during the preceding year, stated that its cultivation was being largely extended along its main line and on all its branches. Too little is known about India, by the world generally, to decide to what lengths this export of Indian wheat to Europe may go. That country has an annual tribute to pay in gold in England of not far from \$80,000,000, and can pay it in no other possible way than by sending its staples there to be sold for gold. If the gold prices of these staples are low, so much the worse for India, but whether

they are high or low, its staples must be sold in sufficient quantities to pay the tribute. If there are staples other than wheat which can be sent with as little sacrifice, or with less, the exports of wheat will not be likely to be much increased. If there are no such staples, however, there is no visible reason why the entire British import of wheat should not come from India. The gold price of it is low, and may be lower, but when converted into rupees, the only kind of money which the producers of India know anything about, they are as yet so far satisfied with the price that that they are producing more wheat, rather than less. It is desirable for us that Indian labor should be diverted to tea, coffee, opium, and other things which we do not produce, rather than to wheat, corn and cotton.

The London *Economist* says that the number of blast furnaces in operation at the end of 1882 was 557, falling to 506 at end of 1883, to 456 at end of 1884, to 420 at end of 1885, and to about 400 in June, 1886, and that the decrease of the production of iron corresponded with these figures. The total production of pig iron was 8,493,287 tons in 1882, and about 7,000,000 tons in 1885. The *Economist* adds that "in every quarter of the country, works are either entirely stopped or going on short time." It also declares that while a reduction of wages seems indispensable in order to sustain the fierce competition of the world, the laborers get so little employment that what they can earn in a week is so diminished that it is "almost impossible for them to exist on less." It looks, on the whole, as if British labor was very near the starvation point, if it has not absolutely reached it.

Wilfred Blunt, the Gladstonian candidate who opposed Chamberlain's re-election to Parliament from Birmingham, declares that "local self government" will never satisfy Irish aspirations. He adds—

They want something infinitely more, namely, the dignity of being a nation. The essence of a cure for Ireland is to entrust its people with the sole responsibility of its own well-being.

The difficulty in the case is, that such a measure of control over their own affairs as the great majority of the Irish desire, is believed to expose the English holders of lands in Ireland to such risk of being in various ways disabled from collecting their rents, that in justice to them the British Treasury must buy them out, and accept a guarantee of ultimate repayment, to be given by the new Irish Government. This Irish land purchase is proposed to be made on the basis of the judicial ascertainment of the rentals made half a dozen years ago, and will call for ultimately not less than £200,000,000, or one thousand million dollars. In his original

propositions to the late Parliament, Mr. Gladstone made a land purchase on that basis a part of his plan of Irish home rule, and the belief is general in England, whether it is well founded or not, that a land purchase is inevitable, unless the extent of home rule to be accorded to Ireland is reduced to proportions far below anything which the Gladstone party will propose, or which the majority in Ireland will accept. And it is the fear of being involved in such a land purchase, which has turned the recent election in England so decisively against the Gladstone Cabinet.

T. P. Gill, M. P., cabled to a New York paper, July 9, the following, as the principal explanation of the defeat of Gladstone by the English votes:

Chamberlain dangled before the eyes of the people the famous expenditure of one hundred and fifty millions sterling for the purchase of Irish lands. This has told, and not the merits of home rule, but the money question, has influenced the English elections.

Labouchere, who is returned to the new Parliament as a Gladstonian, gives the same account as Gill does, of what has been the main cause of the defeat of his party. It has thus, in fact, turned out that the land purchase part of the scheme, which was expected to reconcile an important interest in England to the scheme as a whole, and did, without doubt, have that effect to a large extent, has excited a far greater amount of opposition to it among what English writers describe as "the British democracy," whose voting power has been so enormously enlarged by the recent extension of the franchise.

The solution of the difficulty may possibly be found in the assent of the Parnell leaders in Ireland to such a toning down of the degree of home rule which they will demand, as will admit of the dropping of the land purchase proposition, to which the English will probably never assent.

In a dispatch from Dublin, July 17, to the *Irish World*, Michael Davitt said:

The English are not against Gladstone and home rule, but against the land purchase scheme. The hostility on the part of the democracy to buying out the Irish landlords, and the middle-class votes against home rule, decided the issue of the election.

Mr. Davitt adds the expression of his opinion that with proper and politic management on the part of the Irish people "Ireland has a splendid chance of winning a better measure of home rule than that defeated." If, by the measure defeated, Mr. Davitt means the home rule measure as originally introduced by Mr. Gladstone, and with the land purchase scheme as an indivisible part of it, no measure could possibly be more fatal to the Irish people. There were, however, many indications that if Mr. Gladstone had not been thrown out of power by the late elections, he was inclining to throw the land scheme overboard. His long parliamentary career

shows him to be a politic leader, and with quite enough of flexibility in his composition.

It was the Tories of sixty years ago who gave Catholic emancipation to Ireland, not willingly, but under a political necessity to which even the Iron Duke yielded. And it may now be the Tories who will give the Irish some satisfactory measure of home rule. Disraeli "dished the Whigs," in his day, by inducing his party to vote for a more liberal extension of the franchise than the Whigs proposed. It is not likely that the Tories will now "dish" Gladstone by giving more home rule to the Irish than he proposed; but it is quite possible that they will go far enough in that direction to satisfy Ireland.

The reports of the conditions of the textile industries in all parts of Europe continue to be of the most gloomy character. From England the accounts are, in respect to woollen manufactured goods, that the rise in prices has scarcely responded at all to the rise in wool, so that the position of manufacturers has become worse. From Switzerland, the Spinners and Weavers' Association at Zurich, report a heavy and continued fall in cotton cloths and cotton yarns, and that cotton-mill property has so depreciated that a well-appointed mill only brought, at a bankrupt sale, \$2 per spindle. They estimate the depreciation of the 1,800,000 spindles in Switzerland as ranging from \$3 to \$6 per spindle.

In this country, the *Dry Goods Reporter* and other papers which make the condition of the textile industries their leading specialty, agree in saying that the bottom of prices has been reached, that the markets are firm, and that in some fabrics there has been an actual improvement in prices.

A city paper (*Tribune* of July 14) said—

There is no real need of issuing small silver certificates, or new small notes of any sort, because there is abundance of coin which it would be far better to have the people hold and use in the place of paper.

It is hardly worth while, at this late day, for anybody to attempt to change the irreversibly fixed preference of the present generation in this country for small paper money, if it is sound and convertible into coin. It is a hopeless attempt, as is shown by the complete failure of the present Administration to force silver dollars into circulation in place of the \$1 and \$2 greenbacks. The opposition of the country to that policy was almost universal. It came from all classes, and culminated very quickly in forcing legislation by Congress to put an end to it. Small paper money is unquestionably more convenient than coin, and nobody believes that Congress will create, or permit the creation of, any small paper money which is not kept always at an assured parity with coin. The people have

been long accustomed to small notes, and habit in such matters is something which it is exceedingly difficult to overcome.

In countries where the paper money consists of bank or Government notes, not actually representing coin, although promising payment in coin, the notion has prevailed to some extent that it is best to secure a large actual circulation of coin by prohibiting the issue of small notes. The view upon which this notion rests is, that such coin in circulation constitutes a fund which can be drawn upon in emergencies to sustain specie payments. There was never any soundness in this view, and in England, where it has prevailed quite as much as it has anywhere, it is now substantially given up. Mr. Gladstone disposed of it three or four years ago in Parliament, by saying that coin in actual use from hand to hand could not be withdrawn from that employment without substituting paper for it, and that it could not, in any event, assist in keeping up specie payments.

The small paper money, however, which Congress has recently provided for, does not consist of notes, but of certificate titles to coin actually deposited and directed by law to be kept unused and intact, until the owners of it, who are the certificate holders, choose to call for their property. Such certificates constitute, to all practical interests and purposes, a coin circulation.

Of the total emigration of British subjects to all quarters during the first half of 1886, the Irish were 35,745, which is only a slight falling off as compared with the first half of 1885, when they were 36,476. The Irish emigration of the present year is at the annual rate of 71,490, and as the natural annual increase of the population of Ireland is not more than 40,000, the number of its inhabitants is still decreasing slowly but steadily, as it has been during this generation. As an agricultural country, and until it becomes more mining, manufacturing and commercial, it is over-populated, although this over-population is generally said to be confined to a small part of the island, where the land is the least productive.

In 1880, R. B. Chapman, then and long before connected with the financial department of India, estimated the silver currency of that country at five hundred million rupees, or about \$250,000,000. D. Barbour, also connected with the same department, gives the opinion, in a book published in November last, that an annual addition of thirty million rupees would do nothing more than prevent a fall in India prices. The amount of rupee money in India is necessarily to a large degree conjectural, but it must be presumed to be very small, from the very low prices of commodities and labor, and from the fact that barter still prevails there very extensively. Nei-

ther the number of rupees coined in times past, nor their current coinage, affords any basis for even an approximate estimate of the amount now in existence. All accounts from India agree that it is the coined rupee which the jewelers, who are found in all its villages, work up into ornaments, because they know its fineness exactly. Silver in bars would be cheaper by 2 per cent., which is the coinage charge at the Indian mints, but it is safer for the village jewelers, who have no means of assaying silver bars, to buy the rupees. But in most cases the rupees are brought to the jewelers by customers to be worked up. The Indian Government has been doing more or less in the way of supplementing the coined rupee by rupee notes, and might doubtless do more in that direction.

The statement made from the Treasury on the 28th of July, that of the 3-per-cent. bonds held by the banks as the basis of circulation, \$21,996,700 must be replaced, when called, by other bonds, in order to maintain the minimum of bonds required to keep in existence the charters of the banks concerned, attracted a good deal of attention. The opinion was expressed in some quarters that purchases of the 4s and 4½s to the amount of \$21,996,700 must carry up their price very considerably. So it probably would, if such purchases were compressed into a period of days, or even weeks, but they are more likely to be spread over a period of at least two years, in which case their effect upon the prices of bonds will be very moderate. The purchases will be spread over about three years, if bond calls do not exceed the positive requirement of the sinking fund law. Present appearances indicate that the bond calls will largely exceed the requirements of the sinking fund, although some persons still believe that it is the purpose of the present administration not to go beyond that limit, except under the coercion of some new law which Congress may be able to pass, which is certainly an improbable contingency in view of the veto power which the President possesses.

Many statements from Montana have been circulating through the newspaper press, to the effect that the recent fall in the gold price of silver, amounting to about 10 per cent., has caused the suspension of the working of some silver mines in that territory, and threatens to cause the suspension of many more. The same thing is reported, although not in such pronounced terms, in respect to the silver production in Nevada and Colorado.

It is agreed that there has been no fall in the value of silver in respect to commodities. If it was also true that there had been no fall in its value in respect to the labor employed in producing silver, it is obvious that the labor part of the cost of any given quantity of it would not be any greater proportion of that quantity

than it has been heretofore, so that the proportion left for profit would be as great as before. But, in point of fact, the daily wages stipulated and paid in money have been so far kept up at the old rates on the Comstock lode and at many other points in the mining regions, and are perhaps likely to be kept up for a considerable time yet, as a consequence of the general sparseness of the population in those regions. But it is plain that until money wages do fall in the silver mines, they will absorb a greater proportion of the product, and leave less of it for the proprietors of the mines, and it may easily be conceived to be true that in some cases there will not be enough left for the proprietors to induce them to continue their operations. Of course, in respect to machinery and supplies for the silver mines, it must be, in the main, true that their prices fall in the same proportion that silver falls, but wages are always a very large part of the cost of mining.

In Mexico, Peru, Bolivia, and Chili, in which the great bulk of the silver mining outside of this country is carried on, the silver standard prevails, so that if it be assumed, as it may probably be assumed, that there has been no recent change in money wages, the labor part of the cost of producing silver cannot absorb any increased proportion of the quantity produced; nor will any increased proportion be absorbed in paying for machinery and supplies. There is no visible reason, therefore, for anticipating that the production of silver in the countries to the South of us will be affected either way by the recently increased divergence in the value of the two precious metals.

The case of silver production, as affected by the divergence referred to, resembles in many respects the known effect of that divergence upon wheat production, comparing silver standard countries with gold standard countries. This latter production goes on undisturbed in silver standard countries, notably India, where, however much the price of wheat has fallen in gold standard markets, its silver price is not noticeably affected. That is true, also, of Austro-Hungary, where the legal metallic standard is silver, and where the actual paper standard is kept by limitation of quantity always very nearly at a parity with silver.

The selling value of agricultural estates in England has, of course, fallen with the decline in the prices of crops, on which the ability of tenants to pay rents depends. The situation is so bad, that many cases are reported where no better offer than the payment of taxes is obtainable for the use of farms.

In a recent case of the attempted sale of the Houghton Hall estate, the Hall alone having cost £450,000, the best bid for the hall and 10,000 acres of land was £300,000, and the property was withdrawn. Seven thousand other acres connected with the same

estate were offered in small farms, resulting in most cases in bids which the owner would not accept. The aggregate of the accepted bids was only £4,500.

The report of the Royal British Commission appointed in 1885 to inquire into the causes of the depression of trade and industry has recently been made. It makes no recommendation of any change in the free trade policy of England. In respect to currency questions it gives no opinion, but advises the Government to have them investigated by another commission, which has since been appointed, and will devote itself exclusively to those questions.

The commission, which has just closed its labors, reports, what everybody knew before, that the present depression in business is caused by low and declining prices, which have destroyed the profits of production and are compelling a reduction of wages. It also finds that more goods are being produced than consumers are able to pay for; that British productive industries are encountering an increasing competition at home and abroad; and that in the foreign trade the German competition is especially severe.

In respect to the existing British laws limiting the hours of labor in mining and manufacturing, the commission are explicit and emphatic in declaring that those laws have not injuriously affected productive industries, and they deprecate all attempts to increase the hours of labor. England has had about fifty years' experience of the practical effect of legislation limiting the hours of labor in mining and manufacturing, and fixing the ages below which minors shall not be employed in them at all. The decision of this commission in favor of the wisdom of those laws is in harmony with the opinions of an immense majority of the British people. The contrary view is held by certain *doctrinaires* in England, who insist that such laws violate the freedom of contract on the part of laborers, and thereby take away one of their rights. This is too shallow a pretence to deceive anybody except those who wish to be deceived. Distress and starvation destroy any real freedom of contract in the case, and laborers can always be found who will be compelled to accept any terms offered to them.

According to the report of Mr. Elliott, the Government Actuary, taking the average of the daily sales of Government bonds of the New York Stock Exchange as the basis of the calculation, purchasers of the 4s will realize an income of only 2.42 per cent. on the prices they paid, and the purchasers of the 4½s only 2.15 per cent., assuming in both cases that the bonds are held until they mature and are paid off. We repeat our belief, that after the 4½s are extinguished, the Government bonds will be so reduced relating to the demand for them, that they will sell at prices which will not yield more than 2 per cent. to the purchaser.

FAILURES IN BUSINESS.

In their statement of failures in this country during the first half of 1886, the Mercantile Agency (Dun & Co.) point to the less number of failures and the smaller debts of the failed concerns, as compared with the first half of 1885, as evidence that "trade is in a state of surprising prosperity," taking into account "the loss of confidence incident to the widely-extended labor troubles" during the period referred to. In the methods of reasoning involved in this view of the case, we are not quite prepared to concur.

In the case of a turn of prices downwards which is long continued, the number and magnitude of failures are generally greatest at the beginning of the crisis, when the affairs of traders are most widely extended. The protracted liquidation which follows is in the nature of a dry rot, with less outward violent symptoms, which slowly eats out the means and substance of persons engaged in business.

The London *Economist* not long ago gave many illustrations, in the history of English trade, of the diminution of the number of bankruptcies during the latter part of a fall in prices, as compared with the number at the beginning of a crisis. We cannot see in such a diminution any evidence of the return to healthy conditions.

If by "trade" is intended the business of dealers and traders, which is the ordinary meaning of that term as used in this country, we are quite sure that the first and direct effect of labor troubles, attended with strikes and the closing for longer or shorter periods of mills and mines, is to tend to restore the confidence of traders, by checking the production of the things they deal in, so as to cause a rise in their prices, or at any rate to mitigate and retard a fall in them. Not many years ago, it was a regular practice, as the country believed, for laborers and employers of labor in the Pennsylvania coal mines, to concert strikes and suspensions of mining, for the purpose of keeping up the price of coal, and the *per diem* rate of wages. The belief in a secret understanding in that case between employers and laborers may not have been altogether well founded, but it is beyond question the necessary tendency of strikes in coal mining and in every species of production, to keep up prices. And this is none the less true, because it may be and is the ultimate and not very remote effect of the idleness of laborers to impair the general demand for commodities.

The Mercantile Agency gets on safer and sounder ground, when it gives as among the conditions calculated to inspire confidence in business, the facts of "the earning power of large corporations,

whose securities are held largely throughout the country, such as railroads, manufacturing concerns, banking and other representative institutions," and that "the number of people in the United States who now live upon the interest of their investments and loans has of late years enormously increased." Capital, as well as labor, is one of the factors of production, and the accumulations of it possess an earning power as truly as labor does. Of course, the proportion between these two earning powers at any given time cannot be exactly determined, and it varies, comparing either one country with another, or comparing different periods in the same country. The earning power of capital varies, not only with changes in the amount of it, but in the percentage of income which it produces. That percentage has fallen in this country, as indeed it has in all countries, within recent years, but it has not fallen so fast as the amount of capital has increased in this country. The Mercantile Agency use no exaggerated word, in saying that the number of persons in the United States who live upon the income of their property has multiplied "enormously." They are a class of persons, who are sometimes described as feeding upon the labor of others, whereas they sustain labor, not in the way of charity or gratuitously, but by employing it in productive enterprises, and by purchases for the supply of their own wants. The more wealth, and the greater number of wealthy people, a country has, the better it is for everybody.

BANKING AND LEGISLATION.*

As bankers, we find ourselves oppressed by our own peculiar enemies. Many of these we must avoid or resist alone. Others can only be overcome by the union of defensive powers. The complete dependence of modern commerce upon instruments of credit, such as checks, drafts, promissory notes, and bills of lading, offers to the unscrupulous an inviting opportunity for the quick gains of fraud and forgery. The degree to which commercial transactions are hindered or made insecure by these possibilities, or the actual losses suffered by the community therefrom, may not be definitely stated, but a good deal is known. It is known, for instance, that three distinct combinations of persons, very skillful and bold in their operations, have within the past year carried on systematic, and to a considerable extent, successful forgeries. The losses to banks over the United States from this source within a year have probably aggregated more than one hundred thousand dollars; and if the modest and bashful who have suffered from these depredations would come in with their returns, the total would no doubt be considerably increased. It is true that, through individual effort and by help

* This article comprises the principal portion of Mr. Gage's excellent address as President of the American Bankers' Convention.

of your Association, several of these evil doers have been brought to book, and made to answer for their crimes. But others are still at large, and though these may be overtaken, others still will be found to take their places. Now, it is necessary to maintain the great stream of commerce free from these invasions, and your Association can, if it will, substantially secure this result. The means to this end are two-fold: better guards against crime, and a more vigorous following up of offenders. In many respects, present methods are loose, and simply invite criminal operations. Any lithographer, without regard to his character and responsibility, can, by offering low terms, get orders from any banker for the printing of forms in use in their daily business, and once possessed of these, he can, if he will, dispose of them to the dishonest schemer. In my opinion, bank drafts should possess more dignified and safer characteristics. Is it not worth your time to consider the propriety of a special manufacture of paper for use in bankers' drafts? Paper might be provided whose special features should be difficult of imitation, manufactured under such guards and restrictions as to make it practically impossible for it ever to be used for any fraudulent purpose. Lithographing or engraving establishments into whose hands this paper might be permitted to pass, should in their turn be held strictly accountable for every sheet going into their possession. If these two things were secured, and the advantages of them given to your members, they would give a peculiar dignity and a superior negotiability to your drafts over others.

Membership in your Association may become, and should become, not only an honorable duty, but a valued privilege. Every life worth living, whether individual or associated, owes it to itself to extend and strengthen its legitimate powers by all honorable means. So far in your history you have been liberal enough to recognize as in fraternal relations all banks and bankers of the United States, without regard to their spirit or disposition in the matter of membership, and have made the insignificant annual due a voluntary offering. A privilege so gratuitous is but lightly esteemed, and you are without the advantage of that sense of unity and fellowship which stricter terms of membership would secure. I am certain that among those who apprehend the value of this Association—those who are themselves members of it, and in hearty accord with its aims—there is a valuable sense of fellowship; and I would recommend that the Executive Council take steps to secure in the published almanacs, bank lists and annuals designed for bankers' use, a distinguishing mark against the name of every member in good standing with the Association. However lightly bankers themselves may regard the value of affiliation in the objects you contemplate, there is abundant reason to believe that the business public appreciate and value highly the purposes of your organization, and would take due note of this distinguishing feature.

Within twenty-five years the banking business, as you well know, has received, in common with our general industries, a great development. It is of necessity carried on mostly by us who are without the advantages of a long preparatory training. The many precedents and established usages which in older countries are looked to as a guide do not here exist, and in these different and changeful conditions we are called upon to discharge duties of a very delicate and trying character. Moreover, in the course of our rapid development, legislation, both State and National, on economic and financial questions, is for similar reasons attended with many hazards. From such legislation there often follow two effects. If, happily, the end sought is gained, an incidental or secondary consequence results, carrying with it evils which more than outweigh the good secured. Thus, in 1881, a bill for the refunding of the maturing public debt into a three-per-cent. bond was offered in Congress. A distinguished member from Kentucky proposed an amendment which made it compulsory upon National banks to substitute the proposed new bonds as security for their circulation as fast as bonds then on deposit with the Treasury, as security to such circulation, should mature and be paid. As a penalty for non-compliance, it provided for the appointment of a receiver and the winding up of the affairs of any bank which should fail, within thirty days after the maturity of any bonds belonging to them, to make such substitution. It was believed, and rightly, that the new three-per-cent. bonds would command a price nearly or quite equal to par in the open market. But this attempt to make the banks *forced* purchasers of the new securities precipitated a financial crisis. The bill promptly passed both houses of Congress, but the time at which it was to take effect gave opportunity for action. Without consultation, but with the quick instinct of self-preservation, the National banks from twenty-five different States availed themselves of a present liberty by depositing United States notes for the redemption of their circulation, and withdrew their bonds from the Treasury department. In a few days more than eighteen millions of money were thus taken from the usual channels of business, and it was then evident that the movement had just begun. The price of all Government bonds, as well as all other investment shares and general securities, experienced a sharp decline. The most serious consequences were threatened, but the prompt veto, by the President, of a mischievous act, stopped the movement and restored confidence. A year later the same bill in substance, denuded, however, of the vicious amendment, became a law, and the bonds were eagerly taken by the banks at prices above par.

It is not always, it is probably not often, that the evil effects of unwise legislation are so quickly made apparent, nor the remedy so easily applied. Our so-called protective-tariff system, with its great

code of tariff regulations, even if we admit that great benefits result, carries with it, beyond doubt, deranging and perverting influences which can only be approximately estimated. The legislation resulting in our present course of silver coinage is a financial curiosity; a mere compromise, with all principle left out. Those who advocate the free and unrestricted coinage of gold and silver upon a declared ratio of value, but otherwise on terms of perfect equality, have at least the advantage of historic precedent to support their argument; while those who demand the subordination of silver to gold and the maintenance of the latter as the sole money standard, draw their reasons from the natural constitution of things as they now exist. Our present course, on the one hand, postpones whatever of doubtful advantage may lie in the degradation of our money standard, while, on the other hand, it threatens the stability which the gold standard, fully recognized and boldly defended, will give. In effect we see the Government of the United States engaged in buying silver bullion brought from rocky caverns, where it lay harmless, if useless. After melting and minting it, it is again put away in other rocky caverns, artificially made, where it lies equally useless and equally harmless—except for the damaging exactions it must make upon industry to cover the loss incurred by an uninterrupted depreciation in its exchangeable value, and to make good the great loss of interest sustained. Beyond this it is a standing menace, growing more and more dangerous to the established relation of things.

A bill has been presented in Congress which proposes to make the Government the ultimate guarantor that all depositors shall be paid in full whenever any National bank shall be put in final liquidation. It provides that a tax to be collected from the National banks as a whole shall be set aside and accumulated to protect the Government in the prospective but unknown liability it will thus voluntarily assume. The measure has an attractive side, and there is reason to believe that it has many warm supporters. Convinced myself that its adoption would be an unwise step, I shall not debate it now, but content myself by saying that in all these matters of legislative action affecting financial and commercial interests, the thought and influence of the banking class may be and ought to be usefully exercised. No other class has its attention more quickly attracted to such matters. In our busy country no other class has a greater leisure to give to their consideration, and no other class has greater facilities for reaching and rightly influencing the opinion of that portion of our people to whose voice, when heard, all Legislatures become obedient.

It was while a good man slept that the enemy sowed tares, and in a Government of the people by the people, we need not be surprised that demagogues pander to passion, nor that political trick-

sters seek to confuse and mislead. It is because of indifference or hopelessness in the conservative that the field is too much left to their pernicious labors. It will be said in answer to these suggestions that a banker is a business man, pure and simple; that as a banker he has no concern with politics; that he is simply a shopkeeper who sells the use of money, and for a consideration helps forward the exchanges of the country, and that outside of these functions he has no concern. This answer is but a statement of half the truth. It is true that in a sense he is a shopkeeper; but a shopkeeper, the value of whose wares is determined by the general state of public welfare. Beyond this he is a citizen, and as a citizen and as a shopkeeper, deeply concerned in the public good, he has the right to associate himself with common interests in order that by associated counsel and by associated action he may bring into the field of economic affairs in which he has so great concern, his strongest influence. We need not be over modest in claiming such a privilege. Associated industries of various kinds, honorable in character, have already set us the example. In a recent convocation at Cleveland, representing a body said to number more than five hundred thousand, a memorial to Congress was adopted, recommending certain legislation of a most original kind. It formally approved by vote what it was pleased to call "An Act fixing the measure of value and further regulating the value of money." That act provides that three per cent. per annum shall be the legal rate of interest for money loaned, and that any persons who shall lend money at any other rate shall forfeit to the borrower both principal and interest. It further provides that the Secretary of the Treasury shall establish loan offices, not less than one in each county in all the States, where money shall be loaned upon request and the offer of good security for a term of not more than one year, at three per cent. per annum, payable quarterly. It thoughtfully provides that any person securing a loan on worthless security shall pay double the amount borrowed and suffer imprisonment for twenty years, and also be disfranchised. We must grant what this body in its preamble claims, that it is composed mostly of citizens of the United States and members of the laboring class of society and deeply interested in the general welfare. But one may well hesitate whether to laugh at the grotesque ideas brought forward in these remarkable utterances from which I have made a brief extract, or ponder in sad silence on that condition of intelligence which could seriously adopt such a complete parody on the teachings of economic science.

Another large assembly recently met in this very city. By a vote approaching unanimity it expressed itself in favor of the most radical changes in our National Constitution. It proposed abrogating the Presidential office, discarding the Senate, and clothing with full power for all legislation a single House of Representatives, whose

decrees should be executed by a committee of three of its own choosing. I might cite other examples going to show the existence of a spirit of innovation, which, contemptuously ignoring the results of human experience, is ready to rush on any experiment, however fantastic. But enough has been said to show you that, however indisposed we may be to exercise careful thought and conserving influences for the public welfare, it is not safe to rest in this indifference.

I would by no means turn your organization into a political machine. That would be as unwise as it would be impossible; but, if I could, I would make it an avenue through which should be poured in many streams over all the people the healthful influences of a better knowledge of the true laws of our politico-social-economic life.

There are, unhappily, unmistakable tokens that our democratic institutions have not yet been put upon their severest strain. The lugubrious prophecy of Lord Macaulay admitted that while land was cheap and the population sparse, things would go on with us without much trouble. It was when New England should become as thickly settled as old England, it was when we should have developed our Manchesters and Birminghams, that he predicted the hour of our trouble would come. At such a time he foreboded that demagogues would gain control of the ignorant and discontented, and that under the forms of law, unjust reprisals would be made on accumulated capital. In some moment of industrial distress, spoliation will, he says, occur. "The spoliation will increase the distress, and the distress will produce fresh spoliation." In the awful climax he declares that civilization or liberty must perish. With the light of history to aid us, with passing events full of suggestion, it is not wise to deny the possible realization of this wise man's speculative thought. We may confidently assert, however, that the time for its realization has not yet come, and we may well entertain the courageous belief that if we act with proper wisdom it will never come. In the knowledge of physical forces we have made great advancement. The dynamic powers of nature have become obedient and docile to social use. Or, to speak more truly, having faithfully studied the action of nature's forces, we have learned to put our mechanical devices in the line of their powerful operator, and the high material advantages everywhere evident have been secured. We *now* need, more than anything else, a knowledge of the true laws of social and economic forces. We need men who, in plain words that all may comprehend, shall bring into popular view the true relations of labor and capital; who shall be able to discover and teach nature's irrepealable laws in the field of social and industrial economics; men who, by the right word, shall help allay the distrust which ignorance and passion on one side, and selfish greed and dangerous indifference on the other, are hastening to

create. This is the problem of the age which will more and more press us for a solution. With growing accumulations of unemployed capital, it is a problem in finance. With a large contingent of labor unemployed, it is an economic problem. With liberty and order and general happiness to preserve, it is a problem in statesmanship. With the moral welfare of coming generations involved, it makes a pathetic appeal to philanthropy and religion.

Now, it is not to be expected that the objects, special and general, to which I have ventured to allude, will be secured in a day—nor possibly in half a life time. It is a great gain, however, when high and desirable ends are comprehended and sought, and it will be an important step towards their attainment if the bankers of the United States, with great unanimity, will come together in the friendly and broad union your Association offers. The ways of mutual improvement will become more and more clear. We shall gradually learn how to use wisely and well the increased power we shall thus acquire, and if we do this, the advantages to ourselves and the helpful good to the body politic, of which we form a part, will no longer require argument—the need of argument having ceased in the light of demonstration.



THE RELATION BETWEEN BANKS AND THEIR DEPOSITORS.*

WHEN CHECKS ARE CONSIDERED AS CASH.

In the California case previously mentioned the counsel for the depositor assumed that the mere fact of the receipt of the check by the receiving teller, and the entry of it in the depositor's pass-book, implied an agreement by the bank to accept it as cash, and was to be deemed in law as equivalent to the payment of the check. The proof showed that nothing more was done in that case. No entries were made on the bank books as was done in the Alabama case. The check was handed by the defendant's clerk to the receiving teller, together with the pass-book, without any remark, who, having made the entry, returned the book to the depositor. "Does this transaction," inquired the court, "of itself import an agreement by the bank to accept the check as cash?" A negative answer was given. But in Oddie's case previously mentioned, in which the facts were quite the same, the court decided otherwise. In that case the plaintiffs delivered to the receiving teller for deposit a check which was drawn by another depositor of the same bank. The receiving teller entered the check on the deposit ticket of the plaintiffs.

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"These facts," said Chief Justice Church, "are sufficient to sustain the conclusion of the referee that the defendants paid the check by receiving as a deposit of money from the plaintiffs, and it is not material whether this is to be regarded as a conclusion of fact or of law." . . . "The plaintiffs clearly put in the check as a deposit, and the defendants as clearly received it as such, and credited the plaintiffs with it. The credit on the deposit ticket was significant an act, evincing the consent of the defendants to the payment of it, as if made upon the pass-book of the plaintiffs, and entered upon the bank. Financial business is transacted at banks in large amounts, with great rapidity, but according to definite and certain rules, which are well understood and acted upon by those engaged in that business. Very little is said, but very much is understood, and there is an absence of all formalities which tend to embarrass the facility of doing the business. In determining the legal effect of such transactions, we must apply the same rules applicable to all contracts and business affairs, and effectuate and carry out the intention of the parties to be gathered from their acts and declarations, and the accustomed and understood course of the particular business. Applying these rules, there can be no doubt but there was an express demand on one side, and consent on the other, that this check should be placed to the credit of the plaintiffs as a deposit. The legal effect of the transaction was precisely the same as though the money had been first paid to the plaintiffs, and then deposited. (*Market Bank v. Hartshorne*, 3 Keyes, 157; *Levy v. Bank*, 4 Dall., 223.)

The remark is in order concerning the California case that the usage existed among the banks of San Francisco of returning checks drawn on the depository banks, and canceling the credits in the depositor's pass-book if the fact was ascertained within banking hours on the day of making the deposits that the makers did not have enough funds to pay their checks. The rule of law, therefore, established by the court was in harmony with the well-known usage existing there, and was evidently just.

Such also is the law in New Jersey. In *Titus & Scudder v. Mechanics' National Bank* (35 New Jersey, p. 592), which was a suit to recover the value of two checks, the court said: "They were received and credited in a cash account as cash, in part as payment of an overdraft, and in part to be drawn against. They were received and credited in the same way as bills or notes of other banks. By such crediting, the bank became the owners of these bills, as they do of legal tender notes or bank bills so deposited. And had the defendants failed the next day the plaintiffs could not have demanded these identical checks as their property, left for collection, against a receiver or an assignee in bankruptcy; the plaintiffs had received the price of these checks by having it credited on their overdraft, and by drawing for it. Any balance

due to them from defendants would be paid like other creditor's demands, *pro rata*, out of the assets of the insolvent." And in more recent cases the same doctrine has been affirmed. (*Terhune v. Bank of Bergen County*, 7 Stew. Eq., 367; *Hoffman v. First National Bank*, 46 New Jersey Law, 604.)

Before passing to the next question another distinction must be noted. When the drawer of a check has no funds in the bank on which it is drawn, and this is known to the holder, who, nevertheless, deposits it, and it is passed to his credit and charged to the drawer, such a transaction is not regarded as payment to the depositor by the bank, and no recovery can be had thereon. This decision in no way weakens the rule which regards as cash a check which is credited to the depositor and charged to the maker, because it is a fraud on the part of the holder to present it for deposit when he knows that the drawer has no funds to pay it. (*Peterson v. Union N. Bank*, 52 Penn., 206.)

The next question to be considered is when the check or other instrument is not drawn upon the depository, but on another bank. In the *Metropolitan National Bank v. Loyd* (25 Hun., 101) it was decided that where a check due and indorsed in blank, and deposited in a bank by the payee on general account and with his knowledge, was credited to him as cash, the bank had the title thereto, and in the event of non-payment could recover of the depositor only as an indorser. The decision was affirmed by the Court of Appeals, and the opinion of Judge Daniels, delivered in the Court below, was regarded as very satisfactory (90 N. Y., 534).

In a later case, Judge Andrews, in delivering an opinion for the Court of Appeals of New York, said: "The general doctrine, that upon a deposit being made by a customer in a bank, in the ordinary course of business, of money, or of drafts or checks received and credited as money, the title to the money, or to the drafts or checks, is immediately vested in and becomes the property of the bank, is no longer open to question. The transaction, in legal effect, is a transfer of the money, or drafts or checks, as the case may be, by the customer of the bank, upon an implied contract on the part of the latter to repay the amount of the deposit upon the checks of the depositor. The bank acquires title to the money, drafts or checks, on an implied agreement to pay an equivalent consideration when called upon by the depositor in the usual course of business." (*Cragie v. Hadley*, 99 N. Y., p. 133; *Ayres v. Farmers & Merchants' Bank*, 79 Mo., 421.)

A bank ought not to receive deposits when in an insolvent condition. And when a deposit is taken under circumstances constituting a fraud on the depositor, he can recover the check or other instrument deposited, or the proceeds. (*Cragie v. Hadley*, 99 N. Y., 131.) For the rule is, that one who has been induced to part with

his property by the fraud of another under guise of a contract, on discovering the fraud may rescind the contract and reclaim the property, unless it has come to the possession of a *bona-fide* holder. And this rule applies to all wrong-doers, whether corporations or natural persons. (*Ib.*)

Whether if a bank be insolvent, though ignorant of the fact at the time of receiving a bank check for deposit, the depositor can recover the check is an unsettled question. In New York he can not. (*Metropolitan Nat. Bank v. Loyd*, 25 Hun. 101; *Bank of Madison*, 5 Bissell, 514.) In a recent case in a federal court, in which a depositor's check credited to him was in possession of the depository at the time of its failure, it was held that the depositor was entitled to it instead of the receiver. (*Balbach v. Frelinghuysen*, U. S. Circuit Court, 6 N. Jersey Law Jour., 105.) And the Supreme Court of New Jersey has favorably regarded this decision (*Hoffman v. First N. Bank*, 46 N. Jersey Law, p. 607). Where, however, the check of a depositor has been credited to him, forwarded for collection, and a credit given therefor by the collecting bank, the depositor in the event of the failure of his depository, is not entitled to a preference over other creditors. (*Terhune v. Bank of Bergen County*, 37 New Jersey Eq., 367.)

If a depositor desires to retain the ownership and control of his check until payment, he can do so by indorsing thereon "for collection," or words of similar purport. (*Hoffman v. First N. Bank*, 46 N. Jersey Law, 604; *Cecil Bank v. Farmers' Bank*, 22 Md.; *Sweeney v. Easter*, 1 Wall., 166.)

But the property in notes or bills deposited for credit does not vest in the bank until it has become absolutely responsible for the amount. This responsibility may be incurred by express agreement, or by a course of dealing constituting a usage. Such a usage cannot be established by showing that the depositor constantly drew drafts against his remittances under an agreement by which he was allowed interest on his average balances; nor by showing that after the bank had transferred a remittance from the depositor, and failed and suspended business, it continued to do business with the depositor in another State. These facts, while establishing the debtor and creditor relation between them with respect to money received, were declared to be insufficient to charge the bank with responsibility as debtor for a bill previous to payment, and consequently to vest it or its assignee for a precedent debt with the property in such bill. (*Scott v. Ocean Bank*, 23 N. Y., 289.)

PAYMENT OF THE DEPOSITOR'S NOTES.

As it is the duty of a bank to pay its depositor's checks, so is the duty hardly less imperative to pay his notes, when they are made payable, at the bank where he keeps his deposit. "It is a presumption of law," said an Illinois Court in a recent well-considered case,

"that if a customer does so make payable or negotiable at a bank any of his paper, it is his intent to have the same discharged from his deposit. The neglect of the bank to make such appropriation would discharge the indorsers and sureties. (*McDowell v. Bank*, 1 Harring, 369; *Dawson v. Real Estate Bank*, 5 Pike (Ark.), 283.) The act of thus making his paper payable at a bank is considered as much his order to pay as would be his check, and if the bank pay without express orders to the contrary, it is a defense to a suit by the depositor for the money so paid." (Wilson, J., *Home National Bank v. Newton*, 8 Brad. Ill. App., p. 565; *Mandeville v. Union Bank*, 9 Cranch, 9.) In such a case Chief Justice Marshall said a fraud would be perpetrated on the bank if the maker of the note were permitted to set up an off-set against it. More recently Judge Rapallo, speaking for the Court of Appeals of New York, said: "A note payable at a bank where the maker keeps his account is equivalent to a check drawn by him upon that bank, except that in the case of a note the failure to present for payment does not discharge the maker. (*Indig v. National City Bank*, 80 N. Y., p. 106; *Thatcher v. Bank of New York*, 5 Sanf. 121; *Ætna National Bank v. Fourth National Bank*, 46 N. Y., 823; *Griffin v. Rice*, 1 Hilt., 184; *Kymer v. Laurie*, 18 Law Jour., Q. B., 218.) This principle, however, is not recognized everywhere; the opposite view has been maintained by the Supreme Courts of Illinois (*Wood & Co., v. Merchants, &c.*, 41 Ill., 267; *Ridgely Bank v. Cotton*, 109 Ill., 479); of Indiana (*Scott v. Shirk*, 60 Ind., 160), and Louisiana (*Gordon v. Muchler*, 34 La. An., 604.)

The case of the *Ætna National Bank v. Fourth National Bank* (46 N. Y., 82) is interesting in several ways. The Florence Mills deposited with the defendant bank. On the 3d of April the concern had on deposit \$694, but on the previous day sent a check for \$4,895 in a letter, with the request to "credit our account [with the amount], and charge us our note due the 4th instant." The letter and check were received by the defendant on the 3d of April, and the check was collected and duly credited. On the 3d of April a note of the Florence Mills for \$5,000, also payable at the defendant's bank, which was due the day before, and which had been presented for payment and protested for non-payment, was paid by the defendant, and the amount was charged to the depositor. On the next day another note of the Florence Mills for \$5,000 belonging to the plaintiff bank was presented at the other for payment, which was refused for lack of funds. The lower courts could not see a clear way before them to a right conclusion, but the Court of Appeals saw one. "The Florence Mills," said Judge Allen, "had and kept an ordinary banking account with the defendant, making deposits with and drawing checks upon the latter as occasion required; and there was nothing in the transactions or

mode of dealing between the parties, to take the account out of the ordinary rules, applicable to bankers' accounts, or vary the rights and obligations resulting from the ordinary course of dealing between bankers and their customers. . . . The money was not sent to or received by the defendant as the money of the plaintiff, or a specific fund for the payment of the note held by the plaintiff. . . . The direction was to credit the account with this sum, and this direction was complied with; and the relation of debtor and creditor between the defendant and the Florence Mills to the amount appearing upon the books of the bank to the credit of the depositor was the result. The whole sum was at the disposal of the depositor, and subject to his checks; and the duty of the defendant, as well as its agreement, was to discharge the indebtedness by paying the checks of the depositor, and the agreement being with the depositor, the responsibility for a breach of it was to the same party. . . . It is not claimed that there was an express promise to or for the benefit of the plaintiff. There was a promise and agreement with the Florence Mills of the character and to the extent indicated, and the law will not imply a promise as a substitute for, or in addition to, the express contract of the parties. (*Whitney v. Sullivan*, 7 Mass., 107.) . . . The money deposited to the credit, and going into the general account of the Florence Mills, was only payable upon a proper voucher, upon check, or in payment of an acceptance or promissory note of the depositor, payable at the bank. An acceptance or promissory note thus payable is, if the party is in funds—that is, has the amount to his credit equivalent to a check, and is, in effect, an order or draft on the banker in favor of the holder for the amount of the note or acceptance. It was so regarded in this case by the parties, and it was in substance a check on the defendant in favor of the plaintiff, with a superadded direction by letter from the drawer to the drawee to pay it when presented. This direction was a work of supererogation, and gave no additional sanction or effect to the previous direction embodied in the note. . . . Before this note matured or was presented for payment, the defendant paid upon another note of the same maker, payable at the bank of the defendant, and which, by commercial usage, takes the place of, and is equivalent to, a check, and charged the same to the account of the maker, leaving an amount to the credit of the account insufficient to pay the plaintiff. This payment was valid as against the customer of the defendant, the maker of the note, and that corporation has no cause of action against the defendant, either for the money or for not paying the plaintiff's note when presented. The defendant has performed its contract with the Florence Mills, and discharged its obligation to it by honoring its draft, and was without funds for the payment of the

plaintiff's note when presented," and consequently was under no obligation to pay the same.

But if a depositor give a specific direction concerning the payment of a note payable at a bank, this must be followed. (*Egerton v. Fulton National Bank*, 43 How. Pr., 216; *Bank of United States v. Macalester*, 9 Penn., 455; *Wilson v. Dawson*, 52 Ind., 513.) If, however, the drawer of a draft sends notice to the bank where it is payable not to pay the same, and the notice is not received until after the draft has been presented and paid, the bank will not be liable, although the payee-depositor may have an abundant deposit for that purpose. (*Weedsport Bank v. Park Bank*, 2 Keyes, 561.) In *Wilson v. Dawson* (supra), the principal of a note due to a banking firm after its maturity deposited and checked out by agreement more than the amount of the note. The surety claimed that the money thus deposited ought to have been applied by the bank on the note, but the Court decided otherwise, and consequently the surety was not discharged.

So, too, a person who is not a depositor at a bank, but makes an obligation payable there and leaves funds for the discharge of it at the proper time, is discharged from further liability. In *Lazier v. Horan* (55 Iowa, 75), Judge Rothrock, after remarking that on this question there was "a surprising paucity of adjudications," thus continued: "When a note is made payable at a bank the parties expect the collection to be made through the bank. It is true, when the defendant [in the case under consideration] deposited the money, the bank, while holding it, was technically the agent of the depositor. But the money was deposited for the holder of the note, and it required no act of the depositor to authorize the bank to pay the note. 'If the customer of a banker accept a bill, and make it payable at his bankers, that is of itself a sufficient authority to the banker to apply the customer's funds in paying the bill.' (Byles on Bills, 151). And if money be deposited for the payment of such a bill or note, the holder may maintain an action against the bank therefor. (Parsons on Com. Law, 130.) By the very terms of the contract the defendant agreed to pay the note at the bank. Now, while it is a general rule that payment of a note or bill should be made to the actual holder, yet when the parties have contracted that payment may be made at a bank, it means that payment is to be made to the bank. The parties to the note did not contemplate that the payee should make a journey from Indianapolis [where he lived] and meet the maker at Allen's bank [where the note was payable], and there receive his money from the hands of the maker and deliver him the note. This court has three times determined that when the maker of a promissory note payable in personal property, to be delivered at a specified time and place, makes a tender of the

specific articles and sets them apart at the time and place stipulated, and the creditor is not there to receive, or refuses to accept the property, the debt is thereby discharged, and the title of the property passes to the creditor." In one of these cases the note provided for payment in brick. "If that could be discharged by delivering the brick set apart for the creditor at the time and place designated, it is difficult to see why, if the note was payable in dollars, it would not equally be a discharge to set apart and deposit the dollars for the holder of the note." The case of *Thatcher v. Bank of the State of New York* (5 Sanf., 121) was one in which the deposit was made by a person for the payment of an accepted bill payable at that bank. The bill was not paid, and the drawee, Thatcher, sued the bank for the damages he had sustained. It was decided that while the duty of a bank to pay the notes or other obligations of its depositors payable there might be implied, no such duty existed with respect to strangers. The duty, therefore, whenever existing, must be based on agreement made with a proper officer of the bank. As such agreement was not proved in this case, the deposit having been made with the paying teller, who had no right to receive it or to make any agreement with the depositor, Thatcher could not recover.

Admitting, therefore, that a bank has the right to advance the money to pay a note or bill of its depositor made payable there, has it the right to apply funds to pay a depositor's note before the close of the last day of grace? It has been decided that it could do so on the morning of the last day (*Home National Bank v. Newton*). In this case an action was brought by Newton against the bank on a check given by Newell, whose deposit was insufficient to liquidate it in consequence of the payment by the bank of his note on the morning of the last day of grace. The court said that "the making of the note payable at the bank was Newell's order to pay it, and the payment was not limited to any particular hour of the day. In large commercial cities, one of the ends to be subserved on the part of merchants and other business men, in making their paper payable at a bank where they keep their funds, is that the bank may see that their credit is protected by the payment of their paper promptly at maturity, and thus avoid the risk of a protest. And it has been ruled that if a note payable at a bank in which the maker has funds, at the maturity of the paper, be allowed to go to protest for non-payment on the day of its maturity, although the bank had no instructions to pay the same, the bank is liable for damages for injury to the credit of the maker. (*Thatcher v. Bank of New York*, 5 Sanf. 121.)

"And such a rule, we think, is based on the soundest principles of reason and justice, as tending to stimulate watchfulness and care on the part of bankers in protecting the credit of business

men and others with whom they have dealings. No other presentation for payment was necessary than was made. The note was at the bank, and at the opening of banking hours on the day of its maturity, was at the place of payment and in the custody of the holder, and the funds of the depositor were applied to its payment."

"It seems clear that if the note had been held by a third person, and been by the holder presented for payment during the first banking hour, the bank would have been justified in paying it to the extent of the funds on deposit to Newell's credit, and we do not think that because the bank was the holder and owner of the note, it occupied a position any less favorable than it would had the note been held by a third person."

"As a bill or note is payable on the last day of grace, or when there is no grace, on the day of its maturity, the maker or acceptor has the right to pay it on that day, though he cannot pay it on the day before without the consent of the holder. By making his note payable at the Home National Bank, Newell authorized the bank to pay it at maturity. He constituted the bank his agent, and directed him to pay the note on the day it fell due. The act of making the note payable there was, as we have already seen, a direction to the bank to appropriate any moneys he might have on deposit to the payment of his note so far as might be required for that purpose on the day of its maturity. The law knows no parts of a day in respect to the maturity of commercial paper; Newell's note was equally due at ten o'clock in the morning as at three in the afternoon, and it is no answer to say that an action for its non-payment could not be brought against him for its non-payment until the following day."

If a deposit be made sufficient to pay a note after it has been protested, this does not operate as payment between the bank and indorser. The act does not indicate an intention by the depositor or the bank to thus apply it. In the absence of any direction or agreement to that effect, it is optional with a bank to apply such a deposit in payment; it is under no obligation to do so. (*National Bank v. Smith*, 66 N. Y., 271; *Marsh v. Oneida Central Bank*, 34 Barb., 298; *Pitts v. Congdon*, 2 Comst., 352; *Beardsley v. Warner*, 6 Wend., 611.) If the application be postponed until after recovering judgment on the note, the right will not be affected, for the bank may apply the money after as well as before the recovery of judgment in paying a debt due from a depositor. Whether the application is made or not is immaterial. If not made, the bank may, in an action by the depositor or his assignee to recover the money deposited, use the judgment thus obtained as a set-off against the demand. (*Marsh v. Oneida Central Bank*, 34 Barb., 298.)

With respect to part payment of a note payable at a bank, it

can decline to pay or apply what funds it has belonging to the depositor. In *Kymer v. Lowrie* (18 Law Jour., 2 B., 218), a banker having £20 belonging to their depositor, paid an acceptance of £42 when it became due. Patteson, J., said that "the plaintiff, by making the acceptance payable at the defendants, clearly authorized them to pay it; and if the balance in his favor had been £42 . . . they would have been bound to pay, unless the plaintiff, before it was presented, had countermanded that authority. They were not, indeed, bound to pay it under the existing circumstances because they had not sufficient funds; but they were fully authorized to apply what funds of the plaintiff they had towards the payment." Whether they could recover the balance of the £42 was not determined. "That question," said the Court, "might depend on the course of their dealings and other circumstances."

A bank has no right to retain the money of a depositor to meet a note which the depositor has guaranteed, but which is not due. (*Commercial National Bank v. Proctor* 98 Ill., 558.) And if a bank assign, the depositor may insist on the payment of his note, even if it be not due at the time of the assignment. *McCagg v. Woodman*, 18 Ill., 84.) A note payable *at* a bank is payable *in* the bank, and a note payable *at* or *in* a bank is payable to the holder or his agent in the bank, at its counter. (*Davis v. McAlpine*, 10 Ind., 137.)

The making of a note payable at a bank does not make it the agent of the payee to receive payment unless the officers are disposed to accept the agency. In *Pease v. Warren* (29 Mich., 9), the assignee of a mortgage given to secure notes made payable at a bank, presented them for payment at due time with the accompanying papers. The mortgagor objecting to pay on the ground that the payee had not indorsed the notes, deposited the money needful for that purpose with the bank, instructing its officers to apply it on the notes. Having refused to obey the instructions, it was held that the money was not subject to the control of the holder of the notes, and therefore would not operate as payment.

ALBERT S. BOLLES.

[TO BE CONTINUED.]



THE LONDON "TIMES" ON BIMETALLISM.

While maintaining, as we always have, that if only one of the precious metals was to be used as money, gold must have the preference, and while no less certain that for almost every reason the coinage of the silver dollar should be suspended, we have questioned whether the time has yet come for generally discarding the use of silver as money. In other words, if both metals could be practically employed we have contended that trade in general would gain by the use of them; and further, that it was practical to thus employ them by international agreement. In Great Britain a considerable number of thoughtful business men have been all along contending that business was suffering in consequence of the disuse of silver. They have held meetings and issued pamphlets, but the newspapers and *doctrinaires* have cried them down in their usual bumptious fashion. At last, even the London *Times*, which hitherto has been among the most strenuous in pooh-poohing the bimetalists, is beginning to understand the real situation.

In an editorial which appeared in that newspaper on the 2d of August we extract the following:

Observers of the currents of public opinion, who have not been wholly absorbed by the Irish question, must for some time past have noticed that the vague but widespread discontent arising out of the long-continued depression of trade has of late shown a tendency to concentrate itself upon a single point. There is an increasing inclination to attribute a large and even the lion's share in our industrial sufferings to the appreciation of gold, and an increasing belief that by recourse to a double standard the pernicious change in the relation of currency to commodities can be remedied. Undoubtedly the economic "heresy" which has gained most ground with the general public during the last year or two, and which indeed has come to the front by leaps and bounds in the past few months, is not protection, but bimetallism. As long ago as last spring the interest felt in the subject had risen to such a height that Mr. Goschen, the last man in the world to make a rash plunge on any question, especially a financial one, asked a question of the Government, which pointed directly to a special Commission, distinct from that inquiring generally into the causes of the depression of trade, to investigate the currency crisis.

It is plainly no use to try and pooh-pooh the discussion as antiquated or to denounce the renewed examination of bimetallist doctrines as waste of time. It may be that, as a matter of theory, bimetalists have added and can add nothing to their case. The old insuperable objection, that in the face of any great alteration in the intrinsic values of silver and gold, such as laws and Governments are powerless to prevent, no artifice can prevent the metal of increasing value from going out of circulation, will seem as valid as ever it did to unbiassed critics. But the best theoretical arguments are a weak answer to the sharp cry of practical distress. Over and over again, doctrines which have long been established to the satisfaction of the learned in the lecture room have had to descend into the market place to be heckled before they could

get themselves generally recognized by the mass of the people. Monometallism may appear as convincing as ever to the majority of students, though even among theoretical economists there is a large and influential body of doubters. But the commercial and industrial world declines to be convinced by their demonstrations. It is beginning to insist, with no uncertain voice, on the re-opening of the question, and on an appeal from the *doctrinaires* to the men of business.

COMMERCIAL EXCHANGES *

CHAPTER VII.

MEMBERS—THEIR RIGHTS AND DUTIES.

Who may become members? An applicant for admission to membership in a commercial exchange, or board of trade, is not subjected to a severe examination. He is not asked where he was born or who his parents were. No inquiry is made concerning his spiritual condition, what church he attends, or if he attends any. He is not required to tell what are his political tendencies, should he have them—whether he last voted the Republican, Democratic, Greenback or Prohibition ticket. No questions are plied concerning his early life, what college he attended, or if he is able to “read, write, and cipher.” The by-laws usually prescribe that an applicant must have attained his majority. He would probably be objected to in any of them if he were under twenty-one years of age, though their rules may be silent on the subject. Some financial requirement is invariable. An applicant must be able, financially, to purchase a “seat” in the institution, and this requirement it is not probable, will soon be abolished. These associations must be supported by their members. They receive no pecuniary help from Congress or State Legislatures, nor have they as yet been “remembered” in the wills of millionaires or merchant princes. They are purely business institutions, and are conducted upon business principles. It is business people who find membership in them of special advantage.

Memberships range in price all the way from a few dollars to twenty thousand dollars each. Ten dollars is about the lowest, and twenty thousand the highest. Besides the financial ability to pay for the membership, applicants are commonly required, by the rules, to be of good character, and to stand well in credit with their associate tradesmen. There is at least one exchange in the United States where the extent of a man's financial responsibility is taken particularly into account by the committee on admissions. Here the members proposing an applicant must avow that they would personally accept his uncertified check for \$20,000 as good. In other

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words, that they believe him abundantly able to command this amount of capital at any time and in his own right. The applicant is also asked by the committee if he pays for the seat with his own money, if he has liabilities, and whether or not he ever failed in business. Many of these institutions are what we may term rigid in their special requirements of applicants for membership, but none are more exacting than this one.

Some associations require that an applicant for membership be a resident of the city in which such association is located, others that the avocation or business of the applicant is such as to make him especially interested in the organization to which he applies. The by-laws of one say :*

"Any person whose avocation is directly connected with the commerce, trade, or industry of the country, may be admitted on approval of the executive committee to membership of this board."

Another, and with similar objects, provides for the admission of members as follows :†

"The persons eligible to membership in this association shall consist of owners of vessels and steamers, agents, brokers, freight brokers, and merchants who may be interested in ocean or river tonnage, or doing an import or export business for their own account, or by power of attorney for others, provided such persons are willing to abide by, and conform to, the customs, rules, and regulations established by this association; *and, further*, that any firm of which the party may be a member or represent as attorney, shall also be bound by the aforesaid rules and regulations."

In this another consideration is introduced. The applicant for membership must agree to abide by the rules of the exchange or association, and not only the applicant himself, but the firm, should he represent one, must also enter into that part of the agreement. This requirement is common to the rules of exchanges generally.

More explicit still is the rule of another, and which also explains its plan for electing applicants to membership, which is quite unlike the usual method :‡

"All applications for membership should be addressed to the chairman of the committee (on membership), and must be seconded by at least two members of the association. The name of the applicant and the names of his indorsers shall be conspicuously posted in the business room of the association, with a notice requesting the members to inform this committee, in writing, of any objections they may have to the person named, such communication to be duly considered in committee, and to be held confidential. The committee shall make diligent inquiry as to the qualifications of the applicant, and if, at the expiration of not less than

* Boston Board of Trade.

† New Orleans Maritime Association.

‡ Consolidated Stock and Petroleum Exchange.

ten business days, six members shall be in favor of admission, they shall so report to the board of directors, and, unless further inquiry is demanded by said board, the president, or, in his absence, the chairman, shall declare the applicant duly elected, provided that within ten business days he shall sign the constitution, pay the initiation fee and contribution to the gratuity fund, otherwise his election shall be null and void."

By this method, one opposing member may, possibly, stand effectually in the way of an applicant. It will rest with the committee, and they will consider what the member's objections are. But if six out of nine members of the committee favor the applicant he may become a member, though a majority of the exchange are opposed. There is little to be feared in this direction, however, as a committee on membership is not often composed of members who would disregard the wishes of their associates.

The law on this point of another body presents still a different phase of the subject. It says: * "Any person or firm approved by the board of directors, or by the committee to whom this subject is delegated, may become a member of this association on the payment of an initiation fee of twenty-five dollars and the current annual assessment, and by signing, and agreeing to be governed by, the rules and by-laws and all amendments and additions that may be made thereto; *provided*, that no person shall be approved by the directors or the committee who is not a resident of the State of Virginia, and permanently doing business in the city of Richmond or town of Manchester."

In some bodies the admission of members is delegated entirely to a board of managers or trustees, with full power, and with but few direct or explicit provisos or instructions, as, for example, the following: †

"The board of trustees are authorized to admit new members upon their signing an agreement to abide by the charter, by-laws, rules and regulations of the exchange, and paying the initiation fee prescribed by the by-laws."

Some organizations, in their rules, are quite complimentary by opening their doors to members of similar associations who may desire to join with them. This is an example: " ‡

"Any person of good character and credit, and of legal age, either resident of or maintaining a permanent business house in the city of Detroit, or a member of a similar commercial body in any other city, on presenting a written application, after five days' notice of such application shall have been posted on the bulletin of the board may be admitted," etc.

* Richmond Grain and Cotton Exchange.

† Building Material Exchange of the City of New York.

‡ Detroit Board of Trade.

With many of the large associations the admission of new members is a question for decision by the members, and the provisions for election are exceedingly complete. One association particularly,* provides for the name of the applicant being first posted for ten days upon the bulletin, at the end of which time the application is considered by the committee on membership, who refer it to the board of managers. It there requires a two-thirds vote to secure its recommendation to the association. A notice is then posted, naming a time for voting on the application. "Such voting," says the article, "shall always be by ballot, and held in the exchange room on Monday, and not less than five days after the posting of said notice. The polls shall be opened at 12 o'clock noon and closed at 2 o'clock P. M., and each member of the exchange may cast, in person, one vote," etc. In this case it requires three-fourths of the whole number of votes cast to elect the applicant. If a person who applies for membership in this body succeeds in being made a member within twenty days, he may feel assured that the work has been dispatched with as much rapidity as the rules would permit. Before he can then walk upon the floor and propose to do business he must pay to the treasurer ten thousand dollars for his "seat," and, in addition, such other amount as the board of managers may have levied for annual dues and assessments.

The election to membership of any applicant carries with it certain privileges and duties. He is eligible to office, permitted to vote, and may be called upon to serve on committees. With the usual regularity he may expect to be called on for his dues and assessments. These, he must remember, are the fires which warm the institution into activity and keep the machine in operation while he pockets his commissions. The exchange rooms, he should strive to bear in mind, are exclusively for business, and it will not be beoming to engage in loud or boisterous conversation. He may read that "the throwing of dough, corn, or other articles is strictly forbidden," and if he heeds not, a committee may subject him to discipline. For knocking off the hat of an associate he may suffer suspension, or be made to pay a fine—a penalty not particularly enjoyable for the member, but one that "comes in handy" for the exchange in meeting current expenses. The use of indecorous language on the "floor" is considered subversive of good order, and if complained of, the user may be "shut out" of the institution a whole month. A repetition of the offense subjects him to expulsion. He may bring as many fine Havana segars to the rooms as he chooses, and distribute them, if he desires, among his colleagues, but he will be told that smoking, at least during 'change, is strictly prohibited. Practical jokes, if nicely manipulated and cause no one financial loss, may be tolerated. Care should be taken that they do not go too far.

* New York Cotton Exchange.

A young member of an exchange in New York made out a fictitious order for the purchase of a "lot" of stock for the purpose of playing a joke upon a newly-elected member. It happened that the name of the stock given in the order was one on the list. The signature was fictitious, but the governing committee said the name of any stock actually on the list should not be used in such a manner. As a consequence, they "cracked" the young gentleman's joke by suspending him thirty days. It was evidently a mistake on the part of the joker, as he intended no violation of the rules, but the governors thought he should pay a penalty.

A member must be careful how he "casts sheep's eyes" on 'change. A wink is as good as "I'll take it," and it may make him the unconscious purchaser of ten tons of pig iron, a car load of wheat, forty bales of cotton, or a hundred shares in the Jim Crack mine. Winks are cheap commodities of traffic, in some places, but on the floor of an exchange they sometimes prove extravagant luxuries.

Persons of the outside world should be informed that communications with members of exchanges while on the floors of their busy trade rooms are best made through the messengers of the exchange. The plan recommended is to reduce what you have to say to writing. The messenger will deliver your note, and bring the answer if you require one. As a member of the exchange you are permitted to invite your friend inside the "gates" as a visitor. Upon your request he may receive a complimentary card of admission good for a few days, but be sure to admonish him against talking business to the members. Should he undertake to transact business, and a complaint be lodged against him, he will be forthwith excluded, his card taken up, and you will be fined for his breach of good behavior. The lesson, learned by experience, will cost you possibly "twenty-five dollars," or perhaps what might be more, "a sum equal to the full annual dues for the current year."

If you are absent from the city, or incapacitated in any way from attending to your business while a member of an exchange, you are permitted by some of the most liberal bodies to send a representative. Generally this permission is granted only to your partner or clerk. The person who represents you is given a pass for a limited time, and until that is returned and canceled you will not be permitted yourself to transact business in the exchange. You are held strictly responsible for the acts of your substitute. If he violates the rules you must suffer the penalty.

It is customary with exchanges to extend the courtesies of their rooms to duly accredited representatives of the press, and even to editors, if they behave themselves properly. Such visitors are admitted for the purpose of reporting the markets. If a press representative who accepts this courtesy attempts to transact business with the members, some official or committee will be likely to ex-

tend another polite courtesy for him to "get out." Exchanges are exceedingly jealous bodies, and persons who trifle with their rules and regulations need expect no especial kindness from their managers.

It is not advisable for a newly-elected member to get before the arbitration committee simply for the purpose of seeing how it works. Though less expensive than ordinary litigation, it costs something. The members of that committee are entitled to fees, and somebody must pay them. They are not to come out of the general fund, but the old adage, "Those who dance must pay the fiddler," holds good in this case. The members to the controversy are liable for this expense. If you have cause for complaint against a fellow member for any misstatements or improper dealings, it is your privilege to bring him before a tribunal of adjudication. You must not wait too long. All complaints of this kind must be made within a reasonable time after the circumstance causing it takes place. Usually thirty days is the limit. If you neglect beyond the time allowed to ask for an adjudication, you are debarred from such benefits. The arbitration committee will have power to summon any member of the exchange who may be able to testify as a witness; and if your complaint is just and they so decide, your opponent will be made to correct his error or suffer expulsion from the association.

As previously intimated, as a member of an exchange, you will be required to pay annual dues or assessments. Promptness in complying with such demands may save you trouble and expense. If you delay more than five days, ten days, or more, according to the rule of your association, beyond the time, notice of such demand reaches you, suspension will very likely follow. Your name will be posted in the exchange as a suspended member, and you will not be allowed on the floor. You may stand suspended and debarred from the rooms for a period of six months, and then, by paying up your assessment be reinstated. But if you allow more than six months to pass (the length of time differs in different associations) you will be completely dropped out of the concern. The managers of the association will then proceed to sell your membership in their organization. From the proceeds, if they are sufficient, will be paid the assessments against you, and all other claims the exchange may have against your membership, including costs of sale of membership, and the remainder, if any there be, will be given you when called for, or turned over to your legal representatives.

It may have been your good fortune to unite with an association which would allow your assessment to remain unpaid sixty days before being taken up by the managers for action. But if so, instead of being suspended only, you would be at once dropped from mem-

bership, and your right to a seat in the association disposed of. You might have had even less consideration by an association which has a rule upon this point reading as follows: "Any member failing or refusing to pay the same (annual assessment) within fifteen days after payment has been specially demanded by the secretary, shall be reported to the board of directors, who may have his name stricken from the roll."

SELDEN R. HOPKINS.

[TO BE CONTINUED.]

FARM MORTGAGES.

So considerable is the business now done in farm mortgages that to be an intelligent investor requires more or less knowledge of them. Whatever can be said in the way of giving correct information on the subject will doubtless command attention.

Unless a person may have looked into the matter no adequate idea can be formed of the thorough system the business has attained, as illustrated by the transactions of the foremost of the banking houses, now engaged in this department of finance. Here, as in all other lines of business, systematic methods and precautionary safeguards are the outgrowth of long experience.

The Savings banks of New Hampshire and Vermont and the Life Insurance Company of Hartford, Conn., beginning a quarter of a century ago, have fully tested their merits and approved of their superiority by swelling their slender experimental beginning to upwards of one hundred millions, while the general investing public have held quite as much more with the same satisfactory results.

With these large holdings, returning their agreed rate regularly, and once popular stocks, not only not paying dividends but in many cases suffering a ruinous shrinkage, public attention has been attracted more and more to this class of securities until they are regarded when properly taken and coming through a responsible channel as one of the most desirable investments, all things considered, now to be had.

It is to be admitted that the extra rate of interest they offer should and would not captivate the most conservative investors, were the securities, not found upon the most careful investigation to have been taken with judicial care, and to be reinforced by the assurance of some well-organized institution, with ample capital, making this business a specialty.

There are those who argue with great force and much reason that so far as possible no loan should be taken that is not based upon an intrinsic value. That is, the price for which property may sell in city or country should have little or no weight of itself in determining the amount to be loaned upon the security, unless the selling

price was clearly due to and in accord with the intrinsic value of the property. To illustrate, a lot in a city 50x100 feet might sell for \$5,000, its entire selling price practically being due to commercial forces or speculative prospects, and therefore possibly all disappear, while 160 acres of land a mile distant might sell for no more its entire value, being based upon its average crops.

In the one case it is purely mechanical or commercial, in the other it is intrinsic, and but awaits commercial facilities to attain a certain fixed value growing out of its utility.

It has been observed by some one that up to the present time that intrinsic value of land lies somewhere between 15 and 25 dollars per acre. In the course of time these limits may rise, owing to a better use of land, but at present the best of land for agricultural purposes cannot be held profitably at a higher figure. Of course a judicious farmer may pay considerably more for his land, and, by adding his experience to the investment, make a good dividend; but this necessarily involves the question of his success or failure as a man without reference to the character of the land, and hence should not be considered by any financial institution whose business it is to create land credit bonds for general investment. For these reasons one of the most conservative and successful institutions has drawn the line between farm and city property, discarding the latter altogether.

However sound the principle of loaning money upon land may be, or safely the money may be placed primarily, there is a tendency at present on the part of the investing public to rely less and less upon individuals, firms or private banks, and, as we think, with great reason, and to make their investments entirely through strong financial institutions, that make this business a specialty and constant study.

The many substantial reasons for selecting, even though the rate may be a trifle lower, some well-known and reputable institution through which to invest are so apparent that they hardly need mention. An individual may and in all probability will sooner or later move away from his present home, leaving the loans to care for themselves.

The individual may die, he may prove untrue to his trusts. A firm may dissolve and the business fall into the hands of that member of it whom you do not know, and would not trust if you did. A private bank may be tempted to and actually unload a bad borrower on to the eastern investor through a farm-loan. The guarantee of an individual, firm or bank, if it should be offered, should not be regarded with the same confident reliance as that of an institution with a large capital, doing no other business, and depending necessarily upon its fidelity to its trusts for its future business. Indeed individual or firm guarantees, when considered from

a strictly business point of view, have no value, since no property actually attaches to the guarantee, as in the case of capital of an incorporated company.

It would seem from the excellent methods now adopted and valuable lessons that have been drawn from a long experience that this class of investments are, when coming through strong companies of long experiences, the most desirable, all things considered safely, rate of interest, time to run, and freedom from care, that are now offered to the public.

SILVER STATISTICS.

The following statistics were prepared by Mr. Jordon, United States Treasurer, at the request of the Secretary of the American Bankers' Association for the members, and read at the recent convention :

The total number of silver dollars coined to June 30, 1886, was.....	\$233,723,286 00
(The amount to July 31 was \$235,644,286.)	
The estimated volume of subsidiary silver is.....	70,000,000 00
Of which amount there is \$28,905,000 in the Treasury.	
Total silver.....	\$303,723,286 00

The value of the silver in the standard dollar at to-day's price (42d) is 71.21 cents.

The value of the subsidiary silver per dollar is 66.61 cents, exclusive of abrasion.

Making the present value of the silver coinage.....	\$213,061,252 00
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Difference between par and actual value.....	\$90,661,934 00
The total output of silver dollars from the mints and sub-treasuries to June 30, 1886, was.....	380,335,734 00
The amount remaining in circulation was.....	52,469,720 00
The cost of the movement of these coins was.....	756,399 00

It therefore cost to maintain this circulation the amount of \$14.42 per thousand dollars.

The amount of subsidiary silver coin put out during the fiscal year was	\$6,702,249 00
Of which there remained outstanding.....	2,332,217 00
The cost of the movement was.....	10,120 00
The cost per \$1,000 on the amount put into circulation was therefore about.....	4 34
The movement of silver certificates put out to June 30, 1886, was.....	278,895,064 00
At a cost, for transportation, of about.....	85,400 00
During the fiscal year there were moved.....	38,711,894 00
At a cost of.....	10,200 00
The amount of gold certificates put out to June 30, 1886, was.....	200,002,700 00
At a cost of transportation of about.....	28,000 00
During the fiscal year the output was only.....	795,000 00
The outstanding supply being ample, as these certificates do not enter into general circulation.	
The silver used in the coinage of the standard silver dollar to June 30, 1886 (including that used from the stock on hand in 1878), amounting to standard ounces.....	204,733,733 00
The cost thereof was.....	205,868,300 00
The expense of the coinage, distribution, wastage, etc., had been.....	5,539,794 00

The silver dollars coined amounting to.....	\$233,723,286 00
The value of the balance of bullion on hand June 30, 1886, at 42d, was.....	2,701,478 00
The silver profit fund has credit, in silver dollars, by the sum of.....	24,996,670 00

THE BANKERS' CONVENTION.

The convention of the American Bankers' Association held its sessions on August 11 and 12, at Boston, and delegates from nearly two hundred banks were present. The convention was called to order by the President of the Association, Lyman J. Gage, Vice-President of the First National Bank of Chicago, Ill., and after the opening prayer had been pronounced by Rev. Phillips Brooks of this city, Mr. Gage delivered an interesting address, the principal portion of which will be found on an earlier page of the present number. At the conclusion of his address Mr. Thomas N. Hart, President of the Mount Vernon Bank, spoke a few words of welcome to the delegates, assuring them that they had only to ask for what they wanted in order to receive it. In the course of his remarks, Mr. Hart invited the convention to a reception at Hotel Brunswick at eight o'clock that evening, to a harbor excursion, the next day followed by a banquet. The calling of the roll was dispensed with, and the report of the Treasurer, George F. Baker, President of the First National Bank of New York, was read and accepted. This report showed a balance on hand Sept. 16, 1885, of \$4007.21; subscriptions received during the year \$11,337.50; total on hand and received, \$15,337.50; disbursements, \$13,752.73; balance on hand Aug. 7, 1886, \$1,591.98. A proposed amendment to the constitution, offered by William G. Deshler, limiting the terms of Vice-Presidents and members of the executive committee hereafter to three years in succession, was referred back to the executive council, after a brief debate.

Mr. George Marsland of New York, Secretary of the Association, then read his report for the year, soon after which the convention proceeded to the consideration of subjects submitted in the report of the executive council.

COMMUNICATION FROM HON. HUGH McCULLOCH.

Hon. Hugh McCulloch, in a communication, dated at Washington, July 19, says, "The country is drifting financially from old landmarks. Danger is menacing, which Congress adopts no measures to avoid. The existing negative policy keeps the drift in one direction. Without a speedy change there will ere long be in the United States practically but one standard of value, and that, unfortunately, will be silver. If anything is clearly taught by financial history, it is that a low standard of value places the nation that adopts it at great disadvantage in its trade with other nations, and at the same time and consequently depresses its own industries. . . . While I am clearly of the opinion that the world is not, and never will be, prepared for the adoption of a single standard, that both metals are and always will be needed as a medium of circulation and for facilitating exchanges, I am equally clear in the opinion that the adoption of the gold standard, and the efforts that are made to adopt it, have had no agency whatever in producing the existing depression. . . . What, then, should be the voice of "The Bankers' Association? A suspension of silver coinage for an indefinite period. The discontinuance of the issue of notes under five dollars. The recoinage of a part of the dollars now in the Treasury into fractional pieces. The maintenance of the public faith, not in letter only, but in spirit.

MR. HORTON'S REMARKS.

In the absence of Comptroller Trenholm, who was expected to speak upon currency questions, the Chair called upon Mr. Horton of Pomeroy, O., who began his remarks by announcing his belief, as an international bi-metallist, that the coining of silver had been a mistake. It was a blunder when it was begun in 1878, and it had been a blunder ever since. He said this, he added, in the interest of the re-enfranchisement of silver. The indorsement of the banks of Europe in conjunction with those of America can do for silver what those institutions have done for the greenback. Whatever can be done to further mutual understanding across the water will be very much to the point, but by looking westward instead of eastward, there will be found a rage for suicidal legislation, in a mistaken idea that the thing hoped for can be obtained in that way. Mr. Horton offered some resolutions relating to the subject which were referred to a committee.

BANKING AND FINANCIAL SITUATION.

Hon. W. L. Trenholm, Comptroller of the Currency, gave a very full and elaborate address on the banking and financial situation. He said that the national banks made a "Report of Condition" on the 3d of June, the results of which, compared with those obtained from previous similar reports, are exhibited in the tables annexed to this paper.

No. 1. Abstract of condition of 2809 banks, 3d June, 1886.

No. 2. Abstract of condition of 2689 bank, 6th May, 1885.

No. 3. Statement of lawful money reserve held by these banks, grouped as to location in and out of the reserved cities.

No. 4. Comparative statement of deposits and reserve in May, 1885, and June, 1886.

When you have had an opportunity to carefully examine these tables, you will find that they show the following results, which bear upon and illustrate the present banking situation:

1. Tables 1 and 2 show that the National banks increased 120 in number between May, 1885, and June, 1886. Their capital surplus and undivided profits increased about \$35,000,000, and the amount due individual depositors increased about \$40,000,000. The outstanding circulation, however, decreased nearly \$25,000,000.

2. On the 3d of June, the National banks throughout the country held considerably more than the amount of reserve which the law requires them to keep. In the second column of table No. 3 you will find that they held, in cash, nearly a hundred millions more than the cash requirement. Looking into this table a little more closely, you will find that the excess over legal requirements is least in the case of the New York banks, next come the other reserve cities where the reserve is forty per cent. more than the requirement, while the banks scattered throughout the country held nearly double what the law requires.

3. Table No. 4 shows that while the ratio of aggregate reserves to aggregate liabilities has decreased from 35.33 to 30.42 per cent., this decline has not been uniform, being greatest in New York, 11.20 points, and least among the banks out of reserve cities, 1.97 points.

It will be seen on examining the table that the deposits in New York have remained nearly stationary, while the reserve at this point has declined nearly \$34,000,000; but the banks out of reserve cities have gained \$61,500,000 in deposits, and \$10,500,000 in reserve.

Concurrently with this condition of the banks we have passed through a year of great commercial depression, and the prices of all our staple products are lower than they have been since 1850.

This is only the culmination of a tendency that has prevailed for several

years, both in this country and abroad, and while I shall not attempt to divert attention from our own situation by speculation as to foreign industrial conditions, it is only, proper to say that the whole civilized world is now so closely united in interests that whatever affects injuriously one great nation must be felt more or less sensibly in others.

Since 1850 the entire face of the earth has been changed over great areas in the five continents, and any one who will reflect upon the revolutions in government and industry, the movements of population, the wasting wars, the vast material constructions that have characterized this period, will find evidence of an expenditure of vital and financial force that should go far to account for the lassitude now observable.

It is true that the whole world has gained in force by wider education, better machinery, more rapid and cheaper communication and transportation, and in many other ways; but the books of account showing these things are not yet written up, and no man has ventured to state the balance in definite terms.

Let us, therefore, limit our attention to our own situation, and try to draw from those things immediately surrounding us instruction and some light to direct our future business dealings.

Recurring to the tables and to the analysis of the facts they exhibit, the most obvious reflection is that there is no lack of money in any part of the United States. On the contrary, the banks would not hold such large sums idle if they could employ them. It is notorious that for the past year the rates of interest have been lower, all over the country, than they have been at any time previously since 1860.

It follows, therefore, that a great mistake is being made by those who attribute the present low prices to an insufficient supply of money, and who, in consequence of that mistake, consider it a wise thing to urge the disbursement of funds from the Treasury.

As well as I am able to judge from the comprehensive system of reports which enable the Comptroller of the Currency to obtain a general review of all the banks of the country, I am gratified to be able to say that, as a whole, these institutions are strong in resources, sound in condition and conservative in management.

Each individual association has an obvious interest in the stability and prosperity of the entire body of National banks, because each comes in for whatever share of the public confidence is enjoyed by all. Hence, every bank should realize that its own welfare depends upon all being held to a strict conformity with the law, and with those principles of good banking upon the observance of which permanent success absolutely depends. On this ground, therefore, I venture to ask your support and your indulgence in the exercise of those duties which have been confided to me, and which carry with them a weight of responsibility from which my thoughts never escape. In order that you may benefit by whatever measure of ability I may have to explain the law, and to influence your operations, it is essential that I should have your confidence and be intrusted with the exact knowledge of the condition of every association.

If we recur to the period covered by the existence of National banks, we shall find that the period of inflated prices and of the eager pursuit of riches was also the period in which banks, and those interested in them, suffered most from the dishonesty of their managers. With the return to lower prices, and the re-establishing of industries upon the firm basis of solid values, there has been a more general observance of prudence and a stricter adherence to integrity in the administration of the banks.

In this respect, therefore, as in others, the banks and the public are the gainers by a return to low prices and moderate profits.

The experiences through which we have passed should remain with us as a guide to the future. No banks should tolerate among its managers men of uncertain principles, or who resort to doubtful methods for the sake of inordinate gain. The capital and the deposits of banks cannot rightfully be employed in speculative enterprises for the benefit of the bank or of its directors, or of its customers. Such employment of the resources of the bank is a betrayal of trust on the part of its managers, and a perversion of its means from those purposes for which alone a National bank can find constitutional warrant for its existence.

There is no authority in the constitution of the United States under which Congress could authorize the organization of a banking association for the purpose of entering the arena of speculation under the sanction of a National charter.

These institutions exist only because they are invested by the law with functions of wide and general usefulness to the community at large. For that reason they are prohibited from permitting any borrower to absorb too large a proportion of their available means of accommodation. They are prohibited from locking up in permanent investments of any sort funds which should be held by them always in a condition of ready convertibility so as to answer the calls of an active trade. They are required to be moderate and reasonable in their rates of interest and discount, and when disaster overtakes them they are prohibited from making any discriminations among their creditors. . . .

The next annual report of the Comptroller of the Currency will show how largely National bank stock is distributed among all classes of the people, and how small a proportion of it is held by those who are distinctively capitalists. I regret that the statistics are not ready to be laid before you at this time, but from the progress so far made in their compilation, I am satisfied that they will show a much wider distribution of National bank stock among people at large than is expected by those who seek public favor through disparaging these institutions.

But whether the stock is held by many or by a few; whether the holders are capitalists or industrial workers; whether they belong to what is called the creditor class or so-called debtor class, this is certain—that the banks owe their existence and their prosperity much more to their depositors and to the borrowers from them than they do to their stockholders.

If it were not that these institutions attract deposits from the public at large; if it were not that they afford accommodation to men of business who are constantly in need of borrowing the means to insure the success of their undertakings, and to enlarge the scale of their operations, the capital invested in them would yield no profit, and the banks would soon go out of existence.

By reference to the report of condition of National banks made on the 3d of June last, it will be found that the aggregate of individual deposits reached the sum of \$1,146,246,911.43, while the combined capital, surplus and undivided profits, which constitutes the entire property of the stockholders, amounted to \$760,415,112.60.

As the loans and discounts at the same time amounted to \$1,393,253,742.57, it will be seen that these institutions find their chief function in bringing within reach of one class of the community the idle money of another class; and we all know that, as a general rule, both these classes consist of persons of very moderate means.

These simple facts show beyond contradiction, and with a clearness adapted to the commonest understanding, that the real and substantial

interests of these banks are identified rather with the interests of their depositors and their borrowers than with the interests of any particular class among their widely distributed stockholders.

This identity of interest between the banks and their customers places them under the very strongest inducements to seek the favor of the public. No bank can prosper that disregards the broad and general interests of the community in which it is located; no directors are true to their trusts who fail to remember that the highest interest of their stockholders is inseparable from security to their depositors and a prudent distribution of bank accommodation among as large a number as possible of the business people in their locality.

The National bank system was in its origin a product of the necessity on the part of the Government, at a moment of great financial strain, to bring to its aid the accumulated capital of the country. Necessarily the stress of the Government enabled the banks to exact the concession of great privileges, and for many years the National banks were really a highly-favored class of institutions; but since the limitation upon bank circulation has been removed, it has been practically a free banking system under the supervision and control of the Government, and from that time these banks have steadily grown in number and in strength, and are to-day so intimately mingled with all the industrial interests of the country that they are more essential to the conduct of business and to the maintenance of prosperity than any other class of institutions, except, perhaps, the railroads.

It is quite certain that the destruction of our National banks would be a calamity second only in degree to the sudden annihilation of all our railroads.

In conclusion, gentlemen, allow me to commend to your intelligent consideration two questions which appear to me very important, not only to the banks, but to the public:

1. How can the banks be released from the obligation to invest a portion of their capital in United States bonds, yet retain the power to issue a thoroughly secure circulation?

2. How can the National bank circulation be made, what it ought to be, the elastic element in our National currency?

Mr. Trenholm's address was received with approval, and on motion of Mr. Judson the thanks of the convention were tendered to the Comptroller for his able paper. Mr. George S. Coe, President of the American Exchange National Bank, of New York City, next addressed the convention. His remarks will be given in the October number.

BILLS OF LADING.

Mr. E. K. Olmstead, of New York, contributed an elaborate paper upon "Bills of Lading as Documents of Title," illustrating his argument from time to time with pointed illustration. The paper, together with those below, will appear in the official report of the proceedings; also papers by A. W. Bly, B. B. Comegys, and others. He held that the negotiable value of bills of lading, or their value as documents of title, depends largely upon three conditions, namely: 1. Safety in relying upon the belief that the property has been actually received by the carrier, as represented in the bill. 2. Certainty that when properly indorsed and delivered, they will convey an indefeasible title to the property. 3. The preservation of the carrier's liability for all risks of transportation not capable of insurance. The first of these conditions of safety, he said, is violated by the issue of false bills of lading, and remarked that he found a good deal of force in that of a prominent New York banker, who, in conversation on the subject, urged the greater

equity of casting upon the carrier the loss caused by an unfaithful agent whom he himself had placed in a position to commit the fraud, rather than compelling it to be borne by a third party innocent of fault and incapable of protecting himself.

In treating of the second condition, Mr. Olmstead spoke of the risk involved in dealing with bills of lading as evidences of title against which it is difficult to guard, and suggested that in a case of this kind it would be impracticable for a buyer of the property, or a banker asked to accept it as collateral, to adopt the wise precaution made use of by some conservative banks, of requiring an exhibit of the paid drafts drawn by the original shipper. Where the shipper is the true owner, possession of the paid drafts is, of course, a convincing token that the holder of these papers, in connection with the bills of lading, has an unrestricted right of dealing with the property and passing title to it.

Historically, and perhaps in point of practical importance at the present stage of affairs, the third condition laid down in my opening sentences should come first into view. Among bankers and others who have kept themselves advised in regard to the progress of what is sometimes called by its friends "The bill-of-lading reform," some uneasiness has manifested itself in instances which have come to my knowledge, lest between the special conditions of the bill and the limitations upon the liability of the underwriters, the holders of the documents should be left to shoulder unsuspected risks. If the bill of lading or the charter party contravenes the third condition here laid down, and frees the carrier from any liability which the underwriter does not assume, then, of course, the owner of the property or the lender on its security becomes himself to that extent the insurer. I suppose I may assume that the profits of the banking business are not large enough to permit an undertaking of this sort, at least without full deliberation and acquaintance with its character. As a matter of fact, charter parties are frequently made, and all the leading ocean steamship lines now issue export bills of lading, which exempt carriers from responsibility for loss or damage through the negligence of their servants. In practice, this exemption is in many cases not brought to the attention of the banker or the underwriter, and the question is, does the ordinary policy issued cover the liability? If not, the property is liable to destruction, with no recourse by the holder of the bill of lading upon either carrier or underwriter.

It seems to be a prevalent opinion among marine underwriters that they are not liable under the ordinary form of policy to pay a loss caused by negligence. I understand them to be paying such losses merely as a matter of business policy, though fully convinced that they are not legally bound. Of course, if this be the true state of the case, the protection afforded is precarious, and does not constitute a firm basis on which to do banking business. The inquiry regarding this point leads us back for a moment to the history of the controversy between shipper and carrier, begun in the latter half of the last century, and now, perhaps, in its most interesting stage. During the whole period the shippers have persistently, but with constantly diminishing success, appealed to the courts to maintain the ancient policy of the law, by which the carrier was made an insurer against loss from every cause except the act of God or of the public enemy. That policy was gradually allowed to give way before invasion, by notice or special unilateral contract, until shippers bitterly complained that almost every obligation formerly imposed upon carriers was shaken off. It was claimed to be done by virtue of contract, but the shippers replied with equal force and sarcasm that it was a contract into which they entered

only upon compulsion, and without that *aggregatio mentis* ever deemed to constitute an essential element of a contract. But with or without the support of sound reason and justice, the carriers have been able, at least under the English law, to change their position as virtual insurers of the property committed to their custody in one of such complete exemption from responsibility as to have inspired the remarkable language of Lord Blackburn, on the appeal from the Scottish Court of Sessions to the House of Lords, in the case of *Steele vs. The State Line Steamship Company* (3 Law Rep. 72), where he said, "The owners might have stipulated, if they had pleased (I know of no law that would hinder them), 'We will take the goods on board, but we shall not be responsible at all, though our ship is ever so unseaworthy; look out for yourselves; if we put them on board a rotten ship, that is your lookout; you shall not have any remedy against us if we do.'"

So far as the negotiable or security value of a bill of lading is involved, it is a matter of indifference whether a loss must be prosecuted against the underwriter or the carrier; it is merely important that one or the other should be liable to respond. If the position of the underwriters is unsatisfactory then bankers will naturally find themselves identified with the shippers, and *vice versa*.

The export bill of lading now largely, if not generally, in use, is a modified copy of the so-called common form of an international bill, proposed in 1882 by the Association for the Reform and Codification of the Law of Nations.

The movement thus far advanced on the other side was taken up here by the New York Produce Exchange, and a bill framed upon the association model, embracing the negligence clause, without alteration, was, after elaborate conferences with the shipowners or agents, and with various English associations, adopted and promulgated by the exchange, and generally by the foreign steamship lines running to and from New York.

The promoters of the new bill, being fully aware that, while under English law the negligence clause would protect the carriers by water, it would not avail him in the American federal courts, next obtained the introduction into Congress, by Mr. Hewitt, of a bill, the general purport of which was to legalize any form of bill of lading, when thus adopted by commercial organizations like the New York Produce Exchange and the Chicago Board of Trade. Meanwhile, on the other hand, the New York Chamber of Commerce had been engaged in promoting the passage of a bill, introduced by Mr. James, forbidding carriers from inserting any stipulations of the kind contained in the Produce Exchange bill of lading. The two measures were in violent conflict, but finally a sort of compromise was reached by which the friends of the Chamber of Commerce bill yielded their objections to the Hewitt bill, and the promoters of the latter agreed to modify their demands, the following section being mutually accepted as an addition to the Hewitt bill:

"Sec. 2. That it shall not be lawful for any ship, nor her owner, to be relieved, by contract or otherwise, from the legal obligation properly to equip, man, provision, outfit, and render said ship seaworthy for performing her intended voyage, nor from the legal obligation to properly stow and deliver her cargo as agreed by the terms of shipment (except as to the stowage of chartered vessels, loaded under direction of the charterer)."

It appears that some of the friends of the Chamber of Commerce bill were not pleased with the compromise, and the result up to this time has been non-action on either measure. So far as legislation is concerned, therefore, the present situation must remain unchanged, at least until the next session of Congress. . . .

My present view of the whole case is not an alarmist one, but regards the situation not, indeed, as absolutely free from risk, but as one in which watchfulness and the observance of the cautions under which banking business is usually conducted, will furnish a reasonable degree of security against loss.

BRANCH BANKING.

Mr. George Hague, General Manager of the Merchants' Bank of Canada, read an address upon the Canadian system of branch banks, prefacing his remarks upon that subject by giving a very lucid and elaborate description of the banking systems of the several countries in Europe. He then said: "Small as the population of the Dominion is (it is about five millions), there are in it three banks that have a larger capital than any bank in the United States, and the rest have capitals on a much larger scale than is generally prevalent with you, the reason being that they are nearly all central banks, with ramifications and branches spread over more or less of the country." Mr. Hague then proceeded to carefully define the advantages and disadvantages attending branch banking, and concluded his able paper as follows:

It will be understood, I hope, that I am not before you to advocate this or that system in preference to any other. I am treating the subject, as far as possible, on a purely scientific basis. It must be obvious that systems must take their shape and color from the circumstances and conditions of the people in the midst of which they are placed. Centralized banks have been so great a success in Scotland that they have survived every other form. So they have in Ireland, and the tendency is in that direction in Canada and Australia. One would judge that the tendency is rather in the other direction amongst yourselves. There have, I think, been banks with branches spread over the area of, at any rate a single State, I apprehend that such banks are being so far modified as to take the shape of local institutions everywhere. We know what befel the attempt to found the Bank of the United States on the model of the great banks of Europe. And it might be found impossible, even if any were inclined to try the experiment, to establish such a system among yourselves. At any rate, it can do no harm for bankers in various part of the continent to compare ideas with one another. The essential and fundamental principles of banking are the same all over the world, in all conditions and in all circumstances. Their application must be determined by the traditions, antecedents and circumstances of the various populations that are spreading themselves over the surface of the earth.

GOLD STANDARD.

Mr. F. H. Tuthill, Cashier of the First National Bank of Hammond, Ind., in speaking of the best method of maintaining the good standard despite the existing difficulties from adverse statutes and other causes, suggests that the New York City associated banks keep all accounts in gold. That is, live up to the agreement made in November, 1878, by which the New York banks abolished accounts kept in different currencies, and take no paper money or silver on deposit except at its gold value. Keep no currency or silver accounts. Do business on a gold basis. Let all notes, checks, etc., read "payable in gold coin." When silver is quoted at a discount instead of gold quoted at a premium, the true standard is kept in mind and the battle is won. The example of the New York banks will enable the business men of New York to follow it. It will be imitated by most of the other large cities. When every bank in the country finds its New York account kept in gold it will issue gold drafts, which, circulating over the country, will do much

to remind the people that gold is really the standard, and to help them to do business on a gold basis. If the country banks have a gold basis, their customers can have also.

SILVER QUESTION.

In an interesting address on the silver question, Mr. W. A. Caldwell, Cashier of the First National Bank of Jackson, Tenn., lays down the following propositions as necessary preliminaries to the establishment of a successful system of finance. First, to provide that nothing but gold and silver shall be a legal tender for the payment of debts; second, to restore at the earliest day practicable the double standard of gold and silver; third, to make the gold and silver dollar of equal intrinsic value in the markets of the world as soon as possible; fourth, to issue gold and silver certificates for all the gold and silver in the Treasury not held for the redemption of the legal-tender notes, and as the legal-tender notes now out are redeemed to cancel them; fifth, when the double standard is fully restored, make each silver certificate thereafter issued express on its face the weight of the dollar in which it is payable, and cancel all silver certificates now outstanding as they are thereafter redeemed—recoin the present 412-grain silver dollar into dollars of the same weight of the new dollar (whatever that may be), and make good the loss out of the nominal profit on said dollars when first coined, till the profit is exhausted, then coin what remains of the 412-grain dollars into subsidiary coin and new dollars, taking the gain on one to pay the loss on the other; sixth, allow National banks to issue large amounts of bank notes, with proper restrictions, under the supervision of the Comptroller of the Currency.

BANKRUPTCY LEGISLATION.

Hon. John Lowell of Boston addressed the convention on the above subject. He said: As business men, whether representing debtors or creditors, you want a congressional bankrupt law, it is because the States cannot deal with the subject. They cannot give a uniform system. The States cannot by their legislation and will not by their decisions attain either of the great objects of equality among creditors and a discharge of meritorious debtors in any case of debts owed and property owned in more than one State. They will not give equality to creditors even when they admit the justice of the theory of equality. Massachusetts has had a just and equal State bankrupt law for nearly fifty years, and Massachusetts debtors can make no discrimination between creditors; but if an adjoining State has such a just and equal law, the courts of Massachusetts do not permit it to operate on the property situated here of non-resident insolvent debtors, but give a preference to attaching creditors resident here. And this law exists throughout the United States.

Of course there are some States that have no system, but permit creditors to get what they can by a scramble or by preferential assignments. But a large majority of those interested—that is, the traders of this country—are at present, I suppose, in favor of equality, if they could obtain it. But if every State should pass a good, honest bankrupt law, it would not be permitted to work equally on all property in the several States, for the reason I have given. An assignment by the debtor himself is now the most common substitute for bankruptcy, and in theory is more respected outside the limits of a debtor's State than is a State decree in bankruptcy. But the superiority in this respect is rather theoretical than actual. Two well-known cases will illustrate this—the Sprague case in Rhode Island; the Shaw case in Massachusetts. In both

these cases the aim and intention was to benefit the creditors by a just and equal distribution ; but the questions raised and the consequent litigation was such that in the Sprague case the only creditors who got much substantial benefit were those who opposed the assignment, and in the Shaw case, though all creditors received a substantial dividend, yet those outside the State received more than those within it. All will admit that these cases could have been much better settled in bankruptcy.

A bankrupt law is equally valuable to debtors as to creditors. Whatever gives uniformity to settlements gives at the same time uniformity to credits. Of course no valid discharge of a bankrupt's debts outside his own State can be given except under an act of Congress. Consequently a bankrupt law is sure to be passed sooner or later for the benefit of the undischarged debtors. It is much better that the law should be passed now, and calmly settled on its merits, rather than to wait for the haste and pressure of a necessary discharge law. Nor should such a law be taken up by one political party. It was so taken up in 1840, and Harrison was elected President, in part by the undischarged bankrupts, whom the Whigs promised to provide for. This was unfortunate. It led to a hasty law, disliked by one political party and repealed as soon as it had liberated the thousands of waiting debtors. At present, Democrats like Thurman, Garland and Collins work and vote with Republicans like Hoar, Hawley and Ranney in favor of a just law.

What has prevented the passage of a bankrupt law ? There are many hindrances. First, indifference. Many States have but little interest in the subject. In one political district of Florida there was but a single case in bankruptcy during the eleven years that the law of 1867 was in force. In Massachusetts there were about 9,100. The reason is that in Florida there were but few traders ; in Massachusetts a great many. Next, there are selfish interests opposed ; debtors who don't care to pay ; others who wish to prefer their friends ; creditors who are powerful enough to obtain preferences. Attorneys whose business is to collect debts by action are much opposed to a bankrupt. The most distinguished collection lawyer in the United States told me that he gave up a retainer to procure bankruptcy legislation for this reason, and was unalterably opposed to it. There are more legitimate objections. It is difficult to establish a perfectly satisfactory working system. It is found so in England and in the States. The chief trouble seems to be that the creditors can't be relied on to watch the proceedings and guard against waste and injudicious settlements. The debtors, after the patience of the creditors is exhausted, have everything their own way.

This, to be sure, is true of assignments by deed and all other possible modes of settlement ; but people don't remember that when the question is of repealing a bankrupt law. The remedy for this, which is proposed in a bill introduced in Congress, is to have a public officer charged with the duty of supervising the doings of the assignees and other officers. I was sorry to see that the Judiciary Committee of the House had omitted this feature from their reported bill. In my opinion such an officer would earn his salary many times over in the saving of assets. Another point should be to pay the officers as far as possible by salary. Under the act of 1867 registers were paid by fees, and it is said that some registers became rich. I do not think that many did, but it is much wiser and more equal to pay a specified sum. The clerk of the District Court of Massachusetts was bound to make certain small charges of ten cents and twenty-five cents, etc., and he was required to send to the treasury of the United States all his fees in each year in excess of \$3,500. During the years of the late bankrupt law he paid over

to the United States more than \$68,000, none of which would have accrued except for the bankrupt law.

You can imagine the trouble and vexation of assessing this \$68,000 in sums of ten to twenty-five cents, settling accounts for them, etc., etc., and besides the trouble and vexation it was a direct tax on the assets for the privilege of settling the cases; and a very much larger sum was assessed by the registers. Their legitimate fees in Massachusetts, and I do not mean that they took any others, must have been more than half a million dollars.

Another valid objection to the operation of a general law is that the Federal courts are not so easily accessible or so well known to the suitors as the courts of their several States. The remedy which is proposed for this is to require the registers or commissioners to whom the general business of admitting claims and settling accounts, etc., is committed to hold frequent courts at convenient places throughout each State, and if possible, at the times and places of the sittings of the Probate Courts. Of course the compulsory features of the law must be preserved, or there will be no possibility of preventing preferences. If a careful and judicious law is proposed, meeting all reasonable objections and treating debtors and creditors fairly, it ought to be accepted by the country, in my opinion. But I end as I began by saying that this is a question for the business men of the country, rather than for the lawyers, to determine.

The president then read a communication from the United States Treasurer, Conrad N. Jordan, relating to silver, which is given elsewhere.

SOME PHASES OF COMMERCIAL AND INDUSTRIAL GROWTH.

In an address upon the above subject, ex-Governor Hoyt had the following to say in regard to the existing industrial situation :

When any man has received the share of any new commodity which his contribution to that commodity has produced, he has got all there can be in it for him, and that share is all the economic "happiness" the nature of the case can yield him. I say new commodities. For any scheme of Communism or Socialism which denies the right of property in commodities now existing cannot find wide acceptance anywhere. On the statement I have quoted from Mr. Atkinson, existing commodities, all capital, in every form which we have already saved, may be dropped out of the reckoning. We must live on new creations, on future earnings, not on past accumulations. As a fact, we produce every three years the entire value of all existing property of all description. It is pretty manifest that no large number of the human family will have the "happiness" of not working. Now, in any new product, capital, whether it is a tool or money, must get a share; otherwise the owner of capital will cease to use it or permit its use. It is certain that the laborer must get a share called wages; otherwise he would cease to exist. He must have a share large enough to maintain him on a certain standard of life, which in this country has been very high. He has been a great consumer, and this has kept up the wonderful activities of our industry. Much has been produced and much has been consumed, and our savings have been absolutely inconsiderable, if relatively great. Observations show us that the majority of laborers save nothing. At the end of the year their ability to consume has constituted their material happiness. If everybody saved, refrained from the consumption of all the food, hats, clothes and beer they wanted, then there would be a great cessation of production by farmers, hatters, tailors and brewers. Economically considered,

parsimony is not a good thing for society at large. We can all be kept busy only by using up the new things—making work for each other.

Saying, then, nothing about existing property, which certain gentlemen who carry dynamite under a red flag propose to divide up equally, how about the future production of labor (which, by the way, these same gentlemen propose to stop). Is there a more equitable division possible than that which now takes place under the competition of laborer with laborer and capital with capital? A new product is made up of the wages of labor and the interest on the capital or cost of machinery used. There is no possible source either of wages or interest, except the new product. Machinery is subject to wear and tear, or substitution by improvements, and its share must be great enough to replace it. What is still outstanding? Why, a certain residue called profits. Now the whole contention and the whole philosophy of rational social science, as well as the demand of Communism and Socialism, is over the division of the certain overplus after paying wages and interest, called profits. There is nothing else in the new product over which there can be contention; there is nothing else in it which can be divided. What plan of division can be adopted which will reward each productive factor according to its contribution to the result, and keep them in co-operation? That, gentlemen, is the question which contains the germs of much future agitation. That is a statement of it reduced to its lower terms. I do not discuss it. I leave it with you as the fruitful source of reflection.

CALIFORNIA BANKS.

This subject was considered by B. C. Wright, of California. He said from the reports made to the State Bank Commissioners for July 1, and the last compiled statement of the National banks for June 3, we find that there are one hundred and fourteen incorporated banks in California. This is three more than was reported a year ago. The changes for the year include three retirements and five additions. Two of the banks retired went under the National bank system. These were the Pasadena Bank at Pasadena, and Pomona Valley Bank at Pomona, both in Los Angeles County. The former was changed to a National bank June 1, and the latter June 16. The other retired bank was the Mono County Bank at Bodie, which failed last January. This was a small bank, incorporated in October, 1877. The other bank at Bodie, incorporated in August, 1877, voluntarily retired in 1882 for want of satisfactory patronage. The failure of the Mono County Bank last January is the first of the kind in this State for several years.

The new banks added to the list of State incorporations during the year were the Bank of Tulare at Tulare, September 1, 1885, with a paid-up capital of \$20,000; Bank of Winters at Winters, November 16, 1885, with a capital of \$20,000; Bank of Livermore at Livermore, December 21, 1886, with a capital of \$10,000; Savings Bank of San Diego County; May 15, 1886, and San Gabriel Valley Bank at Pasadena, May 24, with a capital of \$50,000.

The aggregate resources of the 114 incorporated banks of California are \$170,339,428. The liabilities of these banks under each classification are as follows: The population of California at present is supposed to be somewhere between 900,000 and 1,000,000, so that the amount of paid-up incorporated bank capital is from \$36 to \$40 per capita. The line of individual deposits shows a credit of \$110 to \$125 to every man, woman and child in the State. Our banks pay their stockholders from 6 to 12 per cent. per annum. Interest on deposits in Savings banks varies from 3 to 6 per cent. per annum. The average for the past three years has been from $4\frac{1}{4}$ to $4\frac{1}{2}$ per cent. per annum.

California is divided into fifty-two counties. In fifteen of these counties there is not an incorporated bank of any kind. These counties are Alpine, Amador, Calaveras, Del Norte, El Dorado, Inyo, Lassen, Mariposa, Modoc, Mono, Placer, Sierra, Sutter, Trinity and Toulumne. Most of these are known as mountain counties, in which mining has been the principal business. Fruit farming in the foothills of these counties is becoming more important every year, and ere long banks will be needed in all these sections.

In every one of the other thirty-seven counties there is now one or more incorporated banks. San Francisco, of course, has the largest number. There are twenty incorporated banks in this city of 250,000 inhabitants. The combined resources of these twenty banks on the 1st July were \$121,314,152, equal to nearly \$500 per capita. The paid-up capital is equal to about \$348 per capita.

Members of the convention will thus see that if the incorporated bank assets of San Francisco were divided up equally all around there would be no complaints of poverty, for a time at least.

In addition to these twenty incorporated banks, we have six large private banks, all of which have a good standing in the community. Two of these private banks are under French management, and the others are managed practically by Americans. Outside of this county, Los Angeles County has the next largest number of banks in any county in the State. The number reported at the close of June in that county was eleven, of which seven were State banks and four National banks.

We cannot close this brief statement without calling attention to what seems to be a possible revolution in the corporate character of our banking institutions at no distant day. National banks only become possible in California through the incorporation of the gold-note feature. There was fair progress until the local bank panic of August, 1875. This prevented much growth in banking here for five years. Since 1880 the number of banks has been steadily increasing. National banks appear to have increased more rapidly than State banks, despite the fact that the inducements for the organization of National banks are not so remunerative as formerly. About a dozen gold-note banks were organized in the State prior to 1875. The only other bank of this character was started at Boston, though it never developed any business. All our gold-note banks have been replaced with the regular currency banks of the Atlantic States.

On June 3 there were eighteen National banks in California. Since then two more have been added—one by conversion from a State bank, and one by the organization of a new bank at Los Angeles. A prospectus is out for a second bank of this character in San Francisco, with a capital of \$300,000. We are informed that six of the seven directors have been secured, and that no difficulty is apprehended in promptly placing the stock. One of the largest State banks south of San Francisco is said to be seriously entertaining a proposition to go over to the National system. Recent large arrivals of Eastern people have given a new impetus to National banks in this State, especially in the section south of San Francisco. Were the Government to remove the tax on circulation, and issue a new long bond for bank-note basis, it could probably refund a large portion of the four per cents in such new bonds, even if this did not bear over two per cent. interest. Such a change would greatly increase the number of National banks in California.

THE SILVER QUESTION.

Mr. B. B. Comegys, President of the First National Bank of Philadelphia, remarked as follows:

The silver question has absorbed so much attention that there is some danger of overlooking another question also of great importance. This is the rapid reduction of the volume of National bank notes. The frequent calls for payment of bonds held as security for this circulation, the very high price of the bonds which must be bought to replace them, the inclination of many banks in the large cities to withdraw their circulation, the very small profit in this feature of banking, will, at no distant day, unless some change in the law is made, practically blot out the National bank notes.

Whether the community will willingly part with this representative money, which for more than twenty years has proved itself to be the best kind of bank circulation ever devised, is a question not very easily answered.

But the subject must be considered in its broadest sense, and not as one pertaining to the banks only. It is well understood that the banks do not derive much profit from their circulation. Some of the most successful banks are State banks, which have no circulation and can have none; and many of the National banks have withdrawn their circulation.

Certain it is that the country must have a paper circulation, and this ought to be redeemable in coin at the pleasure of the holder.

The question is, Shall that circulation consist of legal-tender notes, National bank notes or both? Or shall it be gold treasury notes or silver treasury notes, representing coin or bullion, dollar for dollar, deposited in the Treasury?

The National Bank Act was passed to make a market for Government bonds. That purpose was most successfully accomplished. If the National banks are to continue to supply the currency for the people some important changes must be made. The following suggestions are offered, some of which may be worth consideration:

1. Free banking, *i. e.*, free to any number of persons, not less than fifty, with not less than \$50,000 capital each in small towns, and \$200,000 in cities.

2. These stockholders to be liable in double the amount of their capital *pro rata*, at par, for the redemption of the circulation (the note holders being *involuntary* creditors) and to an amount equal to the par of their stock for the deposits (depositors being *voluntary* creditors).

3. Such banks to be allowed to issue circulation through the Comptroller at Washington equal to each bank's capital and surplus, provided that the circulation of any bank shall not exceed twice the amount of its capital.

4. This circulation to be redeemed at the counter of the bank and at the Treasury in Washington in lawful money.

5. The five per cent deposit for the redemption fund at Washington to be continued, and counted as part of the required lawful reserve.

6. Banks in the sixteen cities named in Section 5191, Revised Statutes, United States, to be required to keep not less than twenty-five per cent. of their deposits and circulation in lawful money in their own vaults or in the vaults of a common depository, certificates for which may be used and counted as money in settling balances between each other; and banks in all other places to keep not less than fifteen per cent. under same conditions.

7. When a bank fails and is unable from the redemption fund in Washington first, from its own assets next, and then from the assets of its stockholders, to pay its circulation, the Comptroller of the Currency shall redeem it, and he shall be reimbursed by a *pro rata* assessment on all the National banks in that State.

8. The legal-tender notes to be retired in sums equal in any three months to the increase of the issue of the new National bank notes. This will dispose of the United States legal-tender notes. There is no contraction in this, and the one hundred million gold reserve will, of course, go into circulation.

9. The new National bank circulation to have all the functions that the present bank notes have.

10. The United States Treasury may issue notes of the denominations one, two, five, ten, twenty, fifty, one hundred, five hundred and one thousand dollars, on the deposit of gold coin or bullion of standard fineness and weight, such deposits to be held for their redemption only; the Treasury may also issue silver notes of the same denominations on the deposit of silver dollars or silver bullion, both of equal intrinsic value as the gold coin, such deposits to be held for the redemption of such notes only. All these Treasury notes to be full legal tender.

11. The cost of printing and issuing new national bank notes, and the destruction of the old and worn-out ones, and the Government examination of all banks of issue, to be divided into two equal parts; one-half to be charged directly to the banks *pro rata*, the other half to be charged to the United States treasury against the taxes already collected on national bank circulation.

12. The new circulation to be taxed at the rate of one per cent. per annum until a redemption fund of twenty-five per cent. shall have been accumulated, after which there shall be no tax on circulation.

13. Three-fourths of the reserve fund shall be invested in United States securities or other securities to be approved by the secretary of the treasury, and the interest added to the fund.

14. No other security for circulation notes to be required and all banks permitted to withdraw the bonds now deposited with the treasurer of the United States as security for circulation.

It is the conviction of many people that the legal-tender money, although justified by the exigencies of the war, should have been called in and extinguished as soon after the war ended as possible. It has been a disturbing element in our finances ever since; it will continue to be until redeemed.

If it is right to have national-bank notes, there should be no other kind of paper circulation except gold and silver treasury notes representing the deposit of coin or bullion of equal value in the treasury to redeem them.

Why is it not right to have legal-tender notes? Because there is nothing but the faith of the Government to redeem them; because Congress, with the concurrence of the President, can make money cheap or plenty as they choose. The legal-tender circulation now is, say, three hundred and fifty millions. If it is right to keep out this amount, why not double it? Who shall say what is the proper amount?

ACTION ON THE SILVER QUESTION.

Whereas, The American Bankers' Association embraces in its membership men of every political party, as well as those who acknowledge no party obligations, it has in all its conventions carefully avoided all mere party and political questions. Representing as it does the business public, as well as the customers and stockholders of banks, it again emphatically gives warning of the impending danger to the whole country in the continued coinage of silver dollars under the Act of 1878. While we fully recognize the fact that both silver and gold are required as the money of the land, we believe that neither should be coined in such ratio that the other shall be driven out of general use.

We repudiate the idea so often maintained, that banks and bankers opposed the continued coinage of silver dollars on account of self-interest; but on the contrary we here assert that they have no special interest in one kind of coin more than another, so long as each discharges its legitimate purpose as money.

We believe that all persons having limited incomes, and particularly the earners of wages, will most largely suffer when the threatened evils shall come. We therefore earnestly appeal to all Boards of Trade, Chambers of Commerce and civil and political associations of every kind, to make persistent efforts to secure the repeal of the law or a suspension of the coinage of such silver dollars.

Resolved, That it is the sense of this convention that the coinage of silver dollars under the compulsory law of 1878 is detrimental to the best interests of the people and dangerous to the welfare of the Government, and that the law should be immediately suspended, and remain inoperative, until an international agreement with leading commercial nations shall give substantial assurance as to the future relations of gold and silver as money; and that we recommend a continued and persevering effort to bring about such an agreement between and among the great commercial nations of the world.

The thanks of the convention, on motion of Mr. George H. Butler of Connecticut, were tendered by a rising vote to the banks and bankers of Boston for their splendid hospitality. Several papers were referred to the executive council. The customary votes of thanks to contributors of papers and addresses were passed, and various papers were referred to the executive council.

On the motion of Hoel H. Camp of Milwaukee, Wis., it was resolved that the executive council is hereby authorized and requested to continue such steps as are necessary by memorial in behalf of the association or otherwise, to procure such amendments to existing extradition treaties as will in the future secure the return of the fugitives from justice who shall be at large on account of what are considered defects in the existing treaties.

On the motion of Mr. H. H. Hughes of Cincinnati, the following was passed: Be it resolved that it, the executive council, be authorized and requested to communicate to the members of the association, from time to time, such views and information touching the silver question and touching the future security of bank notes as may appear expedient, and to solicit replies and suggestions, comparisons and opinions upon these subjects.

The following was also adopted: *Resolved*, That in order to defray the expenses of the coming year for carrying on the work of the association, in accordance with the constitution, article 3, section 3, the treasurer be and he is hereby directed to draw upon members for their annual dues, and in doing so that he urgently request them to invite other banks and bankers to unite with us by becoming members, with the view of extending the usefulness of the association and of co-operating in its objects.

Logan C. Murray, president of the United States National Bank of New York, was elected president, and for first vice-president Hoel H. Camp, president First National Bank, Milwaukee, was chosen.

The executive council organized with the election of Hon. John Jay Knox, president of the National Bank of the Republic, New York, as chairman; treasurer, George P. Baker, president First National Bank, New York; secretary, George Marsland, editor, 128 Broadway, New York.

The convention then adjourned.

PRODUCTION OF PRECIOUS METALS FOR 1885.

Dr. James P. Kimball, the director of the mint, has completed his report on the production of gold and silver in the United States during the calendar year 1885. The production of gold is estimated at \$31,800,000, an increase of \$1,000,000 over the estimate for the calendar year 1884. The production of silver for the calendar year 1885, calculated at the coinage rate in silver dollars, is estimated at \$51,600,000, against \$48,800,000 in 1884, an increase of \$2,800,000.

Colorado still retains the foremost rank as the largest producer of the precious metals, California retaining second position. The most notable changes have been in Montana and Idaho, the production of the former having increased from \$9,000,000 in 1884 to nearly \$13,500,000 in 1885, and the latter from \$3,970,000 to \$5,300,000. Nevada, Utah, New Mexico and Dakota still hold their own, while the production of Arizona has slightly decreased.

The coinage executed during the calendar year consisted of 47,544,521 pieces, of the face value of \$56,926,810. Of this amount 3,002,313 pieces, valued at \$27,753,012, consisted of gold coin and 31,925,544 pieces, valued at \$28,962,176, of silver coin, the remainder was in minor coin. The number of silver dollars coined was 28,697,767. In addition to the coinage, gold and silver bars of the value of \$27,490,095 were manufactured by the mints and assay offices.

The total value of the bullion and coin imported into the United States during the calendar year was \$41,418,129, of which \$8,322,909 consisted of bullion, and \$33,095,120 of coin. Of the total imports \$23,645,311 consisted of gold, and \$16,772,718 of silver. The total exports of gold and silver were \$44,697,749, of which \$11,417,207 was gold, and \$33,280,542 silver. While the United States lost by net exportation during the year \$15,507,824 in silver, it gained \$12,228,104 by net importation of gold.

The report contains an elaborate review of the coin circulation of the United States. The director's advance estimate of January 1, 1886, is reviewed, as well as the estimates of his predecessor. Some errors in still earlier estimates have been corrected. A deduction from the stock of gold coin of \$15,669,981 is made for bullion in the treasury, July 1, 1873, heretofore included as coin, and for an error in exports of gold coin, as reported for 1874, \$4,654,714, a total of \$20,324,695. This, with the \$30,000,000 deducted in his annual fixed report, make a total deduction of \$50,324,695 from the estimates by his predecessor of the stock of gold coin in the United States. The director estimates the amount of gold coin in the United States on January 1, 1886, to have been \$533,485,453; of silver dollars, \$218,259,761; subsidiary silver, \$75,034,111; or a total stock of coin of \$826,779,325.

Of the stock of gold coin the United States treasury held over and above outstanding gold certificates \$75,434,379, and the national banks \$156,353,592, including treasury and clearing house certificates.

One thousand and fifteen state banks and trust companies held, November 1, 1885, \$31,255,789, which left in the hands of the people and other banks \$270,441,693. Of the silver dollars which have been coined the United States treasury owns (not represented by silver certificates) \$72,538,725, and the national banks \$6,940,628. The amount owned by private individuals and other banks (including those in the treasury repre-

sented by certificates outstanding) was \$138,780,408. Of the subsidiary silver about \$27,000,000 was in the treasury, and \$47,000,000 outstanding.

The director reviews the estimates of coin circulated by various private and public writers, and adduces facts and figures in support of the correctness of his own estimates. The report also contains statistics in regard to the consumption of the precious metals. Circulars were sent to many individuals and firms whose business led him to suppose that they were consumers of gold and silver in the industrial arts. Responses were received from 4,372 firms, of which 2,700 proved to be consumers. The value of the gold used by the 2,700 firms during the calendar year 1885 was reported as \$10,837,944, against \$14,500,000 reported by about the same number of firms to the director of the mint in 1884. Of this amount about \$2,800,000 consisted of United States coin and about \$6,000,000 of stamped United States bars. The foreign coin used amounted to \$178,000, and the old jewelry to \$819,000, leaving only \$467,000 of native grains and \$559,000 of wire and rolled plate. The silver consumption reported by the same firms was \$3,470,000. The result of this inquiry leads the director to the conclusion either that the consumption of gold and silver in the industrial arts has fallen off since 1883 or that there is less duplication in the returns than heretofore as between original and secondary manufacturers.

THE ECONOMIC CRISIS AND ITS CAUSES.

The diminution of the quantity of gold sent by Australia to England is also a noteworthy fact, and is a confirmation of the foregoing conclusions. From 1871 to 1875 England received annually from Australia an average of £7,000,000; from 1876 to 1880 this average fell to £5,000,000; in 1881 it was further reduced to £4,470,186; in 1882 it amounted only to £2,996,549; in 1883 to £2,256,128, and in 1884 to £709,388. A more extraordinary fact still is that at the commencement of 1884 £920,000 in gold was sent from London to Melbourne.

But, it is argued, considerable economy of the metallic instrument of exchange has been effected by the ever-increasing use of credit; and statistics showing how widely the credit system has spread during the last thirty years are referred to. But comparisons at such remote dates prove really nothing. It is recent facts, dating from the commencement of this monetary contraction, which began to make itself felt in 1875 or 1876, to which we should turn our attention, and it should be observed that since that date the use of credit has rather decreased than otherwise. For the last few years the clearings in London have been regularly diminishing, and the most competent living authority on the subject (Mr. Giffen) himself writes: I much doubt whether any serious economy has been effected with regard to exchanges accomplished by the substitution of credit for gold.

There are two certain and important facts which in themselves demonstrate the worthlessness of the general statistics referred to by Messrs. Mulhall and Atkinson. Already every country is lacking in the amount of gold requisite to effect exchanges. France, although richer in cash than any other land, only contrives to maintain a sufficient balance of gold at the National bank by employing artificial means. On the one hand, the *receveurs généraux* send to the bank all the gold paid them, and, on the other, the bank directors and the State do their utmost to keep more silver in circulation. Belgium was forced to con-

tinue to form part of the Latin Union, in spite of the onerous conditions imposed, because she was not possessed of sufficient gold to dare to face the consequences of defection, and because about three-fourths of her metallic payments are made in silver. In Holland, Soetbeer affirms, there is not more than 35,000,000 florins' worth of gold coinage, and at one moment the balance in gold at the bank did not exceed 5,000,000 florins. A law has consequently been voted there empowering the Government to sell silver for the purpose of buying gold, if such a measure be deemed expedient. In Spain, silver has so thoroughly replaced gold, that for gold payments abroad 3 or 4 per cent. premium has to be paid when they are made in silver, which is a cause of great loss to all companies having to pay dividends in foreign lands. Germany has in circulation only 1,500,000,000 marks in gold coinage, and 72,000,000 marks in gold bullion. This is insufficient for a country with 45,000,000 inhabitants. At all events, Germany does not consider herself possessed of sufficient gold to establish a single standard!

According to the Director of the Banca Nazionale, Italy does not possess more than 555,000,000 lire in gold—not a third of the amount requisite. It is not surprising, therefore, that the yellow metal is so frequently at a premium at Genoa and Rome. Last year, exportation deprived her of more than 100,000,000 lire. In Eastern Europe there is no gold whatever in circulation; consequently, when these States, or companies, or individuals inhabiting them, have to make a gold payment elsewhere their loss is considerable. The premium at Bucharest is 20 per cent., and at Buenos Ayres 40.

England alone, who rules the world by her commercial power, succeeds in attracting sufficient gold by raising the rate of discount; and yet she, of all countries in the world, suffers the most, both directly and indirectly, from the present monetary crisis. The direct loss for India alone amounts to £4,000,000 sterling annually.

"Now," says Mr. Grenfell, "the total amount of council drawings to pay the sterling debt is, as I have already said, £4,000,000 sterling. Add to that the loss that all Anglo-Indians have to submit to when making payments in Europe, the loss on the dividends of foreign loans paid in silver, and, what is graver still, the uncertainty and variability of exchange, which completely disorganizes commercial exportation to countries which admit a double standard—all these are most serious considerations, and merit deep reflection. They are causes of losses quite peculiar to England, and perfectly independent of the present crisis and of the misery now assailing the British Isles in common with the world in general. And why are all these evils now afflicting humanity? Solely because there has been an endeavor to establish what Mr. Goschen calls a mischievous Utopia."

A great change has taken place in the London money market, formerly so powerful. The *Economist* mentions this in the following terms:

"Ten years ago the sum at the disposal of the London Stock Exchange was estimated by a competent authority to be about £4,000,000 sterling. At the present time it is far below this; when a demand for a million of gold absolutely carries off that sum from the market and detains it elsewhere, there is a sensible pressure on the exchange."—*Economist*, Feb. 4, 1886.

The objection offered on all sides is that, instead of money being scarce, it is a drug in the market; it overflows the banks; interest falls to 2, or even 1½, per cent.; all the public funds of Europe are unusually high, and the various States hasten to take all advantage they can of this plentiful supply by lowering the interest of their debts. I must here

ask some attention from my readers, as there is a most delicate point to be studied—namely, the connection between the purchasing power of money and the rate of interest on loanable capital. Even Mr. Jevons does not appear to have thoroughly grasped this problem, which is admirably discussed in the number of the *Edinburgh Review*, already referred to, for January, 1886. "Let any person," it is here said, "consult his memory, or banking or commercial records, and he will find not only that high prices and a high bank rate may go together, but that, *as a rule, they do go together.*" The reason of this is evident. When business is brisk and there are many new enterprises undertaken, money is earned rapidly and more goods are purchased; prices consequently rise. As, also, large capitals are required to start fresh enterprises and speculations, these must be borrowed, and the rate of interest rises. At the present moment the contrary phenomenon may be observed; no transactions are effected, the spirit of enterprise is dead, and no fresh schemes are set on foot.* A fall in prices is the natural result of this lack of demand for goods.

Capital, being little needed, accumulates in banks, and is offered at very low interest. As investments in industries involve almost certain loss, the public become fearful, and, for safety, money is placed where there is no risk, chiefly in the funds. These, of course, rise, and Government takes advantage of this rise to convert the debt so as to pay less interest. All incomes diminish, whether they be drawn from land, from industry, or from commerce. The entire social body is in a state of decline.

* A few figures will suffice to demonstrate the utter stagnation of business. A Belgian paper, edited with great care, the *Moniteur des Interets Matériels*, publishes annually a list of the issues during the year. Here are some comparisons between years of economic activity and years of stagnation.

Total issues for State and town funds and industrial enterprises, &c., &c.:

Activity	{	In 1871.....	11,000,000,000 francs
		" 1872.....	12,636,000,000 "
		" 1873.....	10,908,000,000 "
		" 1882.....	4,540,000,000 "
Depression	{	" 1883.....	4,170,000,000 "
		" 1884.....	4,876,000,000 "
		" 1885.....	3,331,000,000 "

showing a reduction of more than two-thirds in economic activity.

—*Emile de Laveleye in the Contemporary Review.*

[TO BE CONTINUED.]

NEGOTIABLE INSTRUMENT.

NEW YORK COURT OF APPEALS.

Steuben Co. Bank v Alberger.

The finding of the referee, as a question of fact in this case, that John L. Alberger was authorized to use the name of the firm of which he was a member as accommodation indorser upon the notes of S. W. Nash, was warranted by the evidence showing the relations and dealings between the parties and the purpose for which the notes were used.

Ruger, Ch. J. The sole ground of error alleged in the judgment appealed from is that there was not sufficient evidence to sustain the finding of the referee that J. L. Alberger was authorized to use the firm name of J. L. Alberger & Co. as accommodation indorser upon the note of S. W. Nash.

The finding of the referee, as well as the proof, showed that on the

4th day of November, 1873, the plaintiff held two notes for \$5,000 each, made by J. L. Alberger & Co., and upon which they were unquestionably liable as principal debtors. One of said notes was past due and unpaid, and the notes in suit were made by S. W. Nash and indorsed by J. L. Alberger and Co., for the purpose of retiring the former ones, and they were used in doing so. The notes for \$5,000 each, held by the plaintiff as described, were made by J. L. Alberger on behalf of his firm, and exchanged with said Nash for his notes of a similar date and amount, for the purpose of enabling Nash to borrow money thereon, and he did obtain the money on them from the plaintiff. Said Nash and the firm of J. L. Alberger & Co. both resided and carried on business at Buffalo, and had been for several years prior to the execution of the notes in suit, in the habit of exchanging notes with each other for their respective accommodations. Samuel F. Alberger had knowledge of this course of business, and so far as appears, approved the same. It further appeared that John L. Alberger had charge of the financial business of his firm, gave its notes and provided funds for their payment, borrowed money and notes for its accommodation, and attended generally to the business of raising funds with which to meet its obligations. Under these circumstances the notes in suit were indorsed in the firm name by John L. Alberger, without the knowledge of his partner, Samuel F. Alberger, for the purpose stated.

We do not doubt but that the making of the indorsements in question was entirely within the general authority of the financial partner of the firm to provide funds to meet its liabilities. The notes for which those in suit were exchanged were given by the firm for value, and constituted obligations upon which the firm were unquestionably liable; and in making the indorsement in question in the firm name, John L. Alberger was simply performing the duty which he had always exercised in the management of the affairs of the firm, of providing funds to meet its liabilities.

The notes in question were actually used in retiring the obligations of the firm, and, so far as the case showed, no limitation was ever placed upon the power of John L. Alberger to provide funds for such a purpose. In this case he procured the extinguishment of their liability as principal debtor by substituting therefor a conditional liability as indorsers, and imposed the primary duty of paying the indebtedness upon another; and such an exercise of power was, we think, within the authority previously exercised by him as the financial member of the firm. *Commercial Bank of L. E. v. Norton*, 1 Hill. 501.

The judgment should be affirmed.

NEGOTIABLE INSTRUMENT—ACCOMMODATION INDORSER—EVIDENCE.
—An accommodation indorser who has paid the note and become the owner thereof may maintain an action against a prior accommodation indorser for the amount paid. The maker of the note was dead, and the plaintiff was allowed to testify to a transaction between himself and the maker under defendant's objection, based upon section 829 of the Code. *Held*, that the defendant was not included in the class protected by that section. [*Kelly, resp't v. Burrows, appl't.* N. Y. Ct. of Appeals.]

PAYMENT OF CHECK.

SUPREME COURT OF MICHIGAN.

Michael Brennan, Administrator vs. Merchants and Manufacturers' National Bank of Detroit.

When a check payable to order and endorsed by the payee or his agent is paid after the payee's death, but without knowledge of the fact by the bank on which it is drawn, such payment is valid.

OPINION. This is a suit to recover from a bank money that it had before paid on the same check. On the 16th day of September, 1885, Mr. McLennan, a Detroit business man, purchased certain merchandise of Thomas Walsh, and gave his check on defendant, the Merchants and Manufacturers' National Bank of Detroit, for the amount, payable to Walsh's order. Walsh had a clerk named Phillips, who was his general agent, and had authority to receive, endorse and otherwise deal with negotiable paper for Walsh, and this check was put in his hands in payment for the goods by McLennan. Phillips at once put upon it a blank endorsement, but did not present it that day. That night Walsh died. Phillips gave the check to his widow, and on the 21st of September, at her request, he presented it to defendant for payment, and it was paid to Phillips, and the money given to Mrs. Walsh. At that time defendant had no knowledge of Walsh's death. On McLennan's periodical settlement with the bank, this check was returned with the rest as paid. He subsequently handed the check to plaintiff, who sues the bank upon it. Why he returned it is not shown.

Plaintiff sued specially as holder of the check, and added the common counts. The court below gave him judgment.

In our opinion the ruling was erroneous. As appears from the case, and was admitted on the argument, the indorsement by Phillips has the same effect as if made by Walsh. It is undoubtedly true that generally an indorsement not delivered is not sufficient to create the responsibility of an indorser. But where a person has by his own act given negotiability in appearance to an instrument drawn by another, which is an existing contract and valid in his hands, and it gets into circulation and is paid by the person on whom it was drawn, without notice of anything wrong, the payment will be protected. The bank in this case acted on the faith of an indorsement which was put upon the check by Walsh's authority, and made the check payable to bearer. If it had been lost in that condition any *bona fide* purchaser could have collected it. There is no authority that we have found which holds that the death of a payee or indorser, after a note has been negotiated, can affect its negotiability further or prevent the drawee from safety in paying it. A different question might have arisen in case of the death of the drawer. But there is little dispute that even then a payment of a genuine check in the due course of business by the bank, in ignorance of his death, would be protected. Byles on Bills, 24; Chitty on Bills. 429; 2 Parsons N. and B., 82; 2 Daniels on Neg. Inst., sec. 1618.

And while there is some authority for holding that death, when known to the banker, revokes the check so far as the drawer is concerned, the authorities, such as they are, go no further. Here the check was undoubtedly good, and bound the drawer. It had been made payable to

bearer before Walsh's death, and the bank knew nothing to impeach that condition. The payment was authorized by the apparent condition of the paper, for which Walsh was responsible, and was protected. Dan., sec. 1582, and citations.

This is enough to dispose of the case, but there is another equally conclusive answer to the suit. The plaintiff claims entirely as holder of this check. There is nothing else in the case that he can rely on, whatever may be the theory of the suit. A bank is not liable on a check unless certified or accepted. Checks are sometimes certified, which amounts to an acceptance. But that is the only form in which a liability can very well be created, unless, perhaps, by some recognition, by estoppel, and under our statutes every acceptance must be in writing. Howell, sec. 1583.

Our statutes concerning the assignment of choses in action expressly excepts negotiable paper. *Howell, sec. 7344; Matteson vs. Morris*, 40, Mich., 55; *Redmond vs. Stansbury*, 24 Mich., 447; *Robinson vs. Wilkinson*, 38 Mich., 301.

If the payment of the check was wrongful (which, however, we think it was not), Mr. McLennan may have had a right of action, but it is not set up in the declaration, and is not shown to have been assigned to plaintiff. All that he did was to hand back the paid check to plaintiff, with such rights as that check had lawfully attached to it, and no more.

Some cases were cited from Pennsylvania and elsewhere, which purport to be based on a conjecture thrown out by Judge Davis, in *Bank of the Republic vs. Millard*, 10 Wal., 152, the decision in which seems to us not supported at all by the case itself, and inconsistent with it. That case held that where a check on a banker had been paid on a forged indorsement, the right holder had no action on the bank, to recover the same money over again. But a query was put whether if the payment had been allowed in settlement with the drawer, the bank would not hold the fund for the payee instead of the drawer. But the court had already held that such a payment was a misappropriation of the drawer's funds, and the money would still be subject to his order as if not drawn, and it is not obvious how the settlement made by mistake could change the case. Mr. Morse, in his treatise on Banking, regards the case in 10 Wallace as not warranting any such inference as was drawn by the cases cited before us on the argument. Upon the only theory suggested, which is that such an arrangement amounts to an acceptance, this would be contrary to our statute, which does not allow a parol acceptance, unless there was some conduct which would have an equivalent effect. Whatever force may have been given to the conjectural doubt of Judge Davis in the case in 10 Wallace had been entirely destroyed by the subsequent carefully-considered action of the same court in *First National Bank vs. Whitman*, 4th Otto, 343, where it was decided that there was no action in any case in favor of the true owner of a check against the bank, where the bank had paid it on a forged indorsement, and the fact that it had been included in settlements made no difference. This puts an end to any supposed favoring of the contrary doctrine in *Bank of the Republic vs. Millard*, which is distinctly affirmed, while the other inference is denied, and reasons given for its fallacy.

Our rulings upon the relations of banks and depositors have always denied any interest of the payee of an unaccepted check in the drawer's funds in bank, and have followed those of the United States Supreme Court. *Williams vs. Second Nat. Bank*, 13 Mich., 282; *Grammell vs. Carmer*, 55 Mich., 201.

In England the same doctrine is well established, not only at law, but

in equity. In *Hopkinson vs. Forster*, 19 Eq., 74, a bank filed an interpleader bill against various claimants of a fund, including holders of drafts not accepted, and it was held that they had no claim against the bank at law or in equity, and must be dismissed from the controversy.

We see no ground on which the judgment can be supported, and it must be reversed with costs.

LEGAL MISCELLANY.

BANK—SAVINGS—UNAUTHORIZED INVESTMENT—PERSONAL SECURITIES.—A Savings bank, organized under chapter 324, Laws 1851, loaned funds for the benefit of a church, taking from the borrowers their joint and several promissory notes. Three years after, there still being due a part of the amount loaned, the bank took the note in suit, surrendering the prior notes. In an action on the note, *held*, that assuming the bank had no authority to loan its money upon the notes first taken, yet it could have recovered against the maker the amount of money loaned, and the surrender and extinguishment of that cause of action was a good consideration for the note in suit. The money was not loaned to the church, and it did not become liable therefor. As between the bank and the makers of the notes, they were the borrowers, and became liable to the bank for the money obtained from it, and it matters not whether they appropriated the money to their own use or for the benefit of the church. The illegal action of the officers of the bank (if it was illegal) in thus investing its funds, did not work a forfeiture of the money loaned, and it had a cause of action for the money, even if the notes were void. *New York State Loan, etc., Co. v. Helmer*, 77 N. Y., 641; *Pratt v. Short*, 79 id., 437. Having therefore a valid cause of action against the makers of the notes, the bank took the note in suit in satisfaction of that cause of action, and surrendered the notes which were the evidence thereof. [*Rome Savings Bank v. Kink*, N. Y. Court of Appeals.]

NEGOTIABLE INSTRUMENT—AGENCY—UNDISCLOSED PRINCIPAL.—No party can be charged as principal upon a negotiable note or bill of exchange unless his name is thereon disclosed. The point upon which the rehearing was allowed, and upon which we think the case turns, is that while in the case of contracts, generally, where one of the persons executing the same executes it in his own name, without disclosing any one as his principal or his own character as an agent, if in point of fact he was acting as the agent of another party, such other party will be held to be the real party to the contract, yet that this rule does not apply to negotiable promissory notes. This question was ably argued at the bar, as well as by exhaustive briefs by counsel on either side. An examination of the authorities cited by counsel, with others referred to therein, led us all, at the consultation, to the conclusion that the above proposition as to both its branches expresses the law correctly. Being about to enter upon a collation of authorities upon this point of the non-liability of an unnamed principal upon negotiable paper, my attention was attracted to a citation on page 284, 1 Dan. Neg. Inst., to an article in 13 Alb. Law J., No. 19, May 6, 1876, p. 323. This article I find so exhaustive of the subject that I will content myself by giving the conclusions of the writer and the authorities by him cited. Says our author: "But as to bills of exchange and promissory notes, it has been long settled that he who takes negotiable paper contracts with him who

on its face is a party thereto, and with no other person. By Lords Abinger and Parke, *Beck am v. Drake*, 9 Mees. & W. 92, 96; Byles Bills, 37; Story Bills, § 76; Edw. Bills, 80." The weight of authority, if not of reason, is in favor of the rule excluding all parol evidence, even as between the immediate parties to the transaction. It is held that although the party executing the instrument describes himself as "agent," yet if the name of the principal is not disclosed upon the face of it, all evidence *dehors* the instrument, for the purpose of holding him thereon is to be excluded. It is wholly immaterial, therefore, that the agent had full authority to make it in behalf of his principal, that the consideration was exclusively received for his benefit, that the plaintiff knew the agent's principal, and accepted the note as the promise of the principal. *Williams v. Robbins*, 16 Gray, 77; *Pentz v. Stanton*, 10 Wend., 271; *Thurston v. Mauro*, 1 G. Green, 231; *Kenyon v. Williams*, 19 Ind., 45; *Ander-ton v. Shoup*, 17 Ohio St., 125; *De Witt v. Walton*, 9 N. Y., 571. [*Webster v. Wray*, Neb. Sup. Ct.]

TAXATION—ASSESSMENT—NATIONAL BANK SHARES.—(1) Section 7 of chapter 302 of the laws of 1859, requiring the deputy tax commissioners to personally examine "each and every house, building, lot, pier, and other assessable property," and furnish the commissioners of taxes a detailed statement of the same, etc., "with such other information in detail relative to personal property," as such commissioners may require, etc., refers only to real property, except in the last clause expressly mentioning personal property. (2) The oath required by the act to be made by the deputy to the statement returned to the commissioners may be taken at any time after examination of the property and before the filing of the statement on the second Monday of January thereafter. (3) The entry of assessments for National bank shares, upon a list or book separate from other assessments for personal property against individuals in the City of New York, does not render the assessment void, and is not in violation of section 5,219 of the Revised Statutes of the United States. *Williams v. Weaver*, 75 N. Y., 30; *Albany City Bank v. Maher*, 19 Blatchf., 174, distinguished. (4) The intent of the Federal statute above referred to, in providing that "the taxation of National bank shares shall not be at a greater rate than is assessed upon other moneyed capital in the hands of individual citizens of such State," was to prevent discrimination against investments in National bank shares, and put them upon terms of equality as to taxation with similar institutions and investments. The rule of comparison is not with the rate of taxation imposed upon personal property generally, or with special investments in mining, manufacturing or other industrial corporations, but with other "moneyed capital" in the hands of individual citizens. And even if it could be shown that there were some corporations or some personal property that were subject to a less rate of taxation than that of capital employed in banking corporations, it would not vitiate the law imposing taxes upon shares in banks, unless it appeared to be the clear intent of the Legislature thereby to effect discrimination against them. *Evansville Bank v. Britton*, 105 U. S., 324; *Prov. Inst. for Savings*, 101 Mass., 583; *Hepburn v. School Directors*, 23 Wall., 481. (5) The proceedings for the assessment and collection of taxes are administrative and not judicial in their character, and constitute due process of law within the meaning of the Constitution. These methods were in exercise and existence long before the adoption of the Constitution, and have never been supposed to be affected thereby. *Matter of N. Y. P. E. Public School*, 31 N. Y., 584; *Rockwell v. Nearing*, 45 id., 308; *Lessee v. Hoboken Land and Improvement Co.*, 18 How., 272. April 13, 1886. [*In re McMahon v. Palmer*.]

BOOK NOTICES.

The Wealth of Households. Oxford: At the Clarendon Press. 1886.

This book is one of the Clarendon Press Series, and is intended as a text book for those who are interested in the economic questions of the day. J. T. Dawson, the author, is a man of business, and this book was first prepared for use in the education of his children. The work, therefore, is of an elementary nature, and does not aim at setting forth any new theories or principles. A good many of the illustrations, however, are quite fresh, and add value to the work. The author ranges over the principal portions of the economic field, closing with a good account of "Property in Land," and "Socialism, Communism and Nihilism"—subjects which just now possess a keen, general interest. Considerable space also is given to a description of the condition of working-men and their troubles. He finds that the cure for these troubles is thrift. The cause of most of the suffering is, that men who earn weekly wages spend them all each week. Others make deposits in the savings banks. These men become free. It is the extravagant who come to grief, Beggary he denounces as "morally the worst, and economically the most wasteful, mode of providing for the destitute." He shows the unreasonableness of socialism.

Robinsonian Universal Interest Tables, etc. Boston: J. Watts Robinson, author and publisher.

The copy before us is one of the new edition of this well known work. It has been revised, and so also has the Sterling Exchange Tables, by the same author. New explanations have been added to the former, adapting it to savings bank purposes, while the Sterling book is now carried to \$4.95, or five further than before. The merits of these works are generally understood by those for whom they are intended, but these changes are worth noting as showing the author's desire to make the books as useful as possible.

Poor's Manual of the Railroads of the United States for 1886. New York: H. V. and H. W. Poor. 1886.

The annual appearance of this work, which presents the best, and, in truth, the only considerable body of statistics of our railroad system, is gladly welcomed by many persons. The present volume is, to all appearances, the counterpart of its predecessors, but on more careful examination it is seen that many changes have been made. There are several new features which will unquestionably add to the value of the book, among others a statement of the dividends paid for eight years by all the dividend-paying railroads. The total mileage of all railroads at the close of 1885 was 128,967 miles, an increase during the year of 3,131 miles. Owing to the lack of uniformity in the time of closing their fiscal years, these statements of mileage and construction are the only statistics of the railroads which the compilers of the *Manual* are able to bring to a common date. For all other particulars

the publishers have to take the regular reports of the railroad companies, and their average fiscal years would perhaps close on September 30. At the close of those fiscal years the total mileage of completed railroads was 128,729 miles, or 1,237 miles less the total December 31st last, showing that that number had been constructed after the close of the companies' fiscal years, and consequently are not included in the tabulations in the *Manual*.

Following are the totals of the principal items in the balance sheets of all the companies:

ASSETS.

Cost of railroad and equipment.....	\$7,037,627,350
Real estate, stocks, bonds, etc.	946,353,859
Cash, current assets, etc.....	303,853,405
Total assets.....	<u>\$8,287,834,614</u>

LIABILITIES.

Capital stock.....	\$3,817,697,832
Funded debt.....	3,765,727,066
Unfunded debt.....	259,108,281
Current debt.....	231,040,215
	<u>\$8,073,573,394</u>
Excess of assets over liabilities.....	\$214,261,220

Compared with 1884 these figures show an increase in mileage of 2,577 miles, or 2.1 per cent.; in share capital, \$55,081,146; in bonded debt, \$96,611,294, and in unfunded debt, \$14,441,685, or a total increase in stock, bonds and debt of \$166,134,125—about 2.2 per cent.

Considered separately, these figures show when averaged a decrease in stock per mile of \$197, and an increase in bonds per mile of \$136. It is well known that the new securities floated during the year have been at lower rates per mile of road than at any other time within the past decade, and the increase in bonds above noted is due wholly to the funding of coupons and other forms of floating indebtedness, while the decrease in stock per mile is accounted for by the large amounts, which, during the year, were "wiped out" under foreclosure proceedings.

The Messrs. Poor have also published the first number of a *Directory of Railway Officials and Railway Directors*, which contains a list of the officials of every railroad in the United States, Canada, Mexico, Central America, South America, West Indies, Great Britain, and Ireland; a list of the officials of street railroads in the same countries; a list of the directors of all railroad companies in North America, alphabetically arranged, with their addresses; a list of the officials of organizations auxiliary to the railway system—such as fast freight lines and transportation companies; bridges and union depot companies; packet, steamboat, and steamship companies; parlor, sleeping car, equipment, express, and telegraph companies, etc.; a list of the officials of industrial establishments dependent on the railway system—such as locomotive, car, and bridge works, rail mills, etc.; a list of the officials of the leading exchanges and commercial associations throughout the country; a list of the leading contractors throughout the country whose specialty is the construction of railroads and works connected therewith; a list of the officials of new railways now in progress in the country; and

also an alphabetical list of the officials of all the American railways, with a convenient system of reference showing the lines with which they are connected.

First Annual Report of the Bureau of Labor Statistics of the State of Connecticut for the Five Months ending November 30, 1885. Hartford, Conn. 1885.

Third Annual Report of the Bureau of Statistics of Labor of the State of New York for the Year 1885. Albany: 1886.

The first of these reports, by the Commissioner, Arthur T. Hadley, is mainly preparatory to the investigations which are to follow. The Commissioner reviews those phases of the subject which are uppermost in the public mind with great intelligence and fairness, thereby giving promise of excellent things in the future. The objections made to his appointment by the working classes were without reason, and we think they are quite willing to admit he has shown in his first report what manner of man he is. Connecticut has done well in taking up this subject for investigation, and is fortunate in having a person so competent as Prof. Hadley to conduct it.

The New York report, by Charles F. Peck, is a valuable document. Investigations were made in several directions during the year, the results of which are in the volume before us. They relate to workingwomen, their trades, wages, homes, and social conditions; strikes, boycotting, arbitration, foreign labor, reduction of hours, and labor organizations. The volume closes with some conclusions and excellent recommendations.

Le Crédit Agricole. Par ARTHUR LEEGRAND. Paris: 1886.

Etudes sur les Premiers Principes de la Science Economique. Par G. FAUVEAU. Paris: 1886.

This monograph of about sixty pages relates to the theory of value, of taxation, of protective laws, natural monopolies, labor, money, economic methods, and other matters. The author evinces a familiarity with the writings of the best economic writers, and old and well worn as are the topics above noted, he handles them with discrimination. We shall have something to say in a future number on the author's views concerning the tax on the income of labor and of capital.

A Sketch of the Coinage of the Mexican Revolutionary General Morelos. By LYMAN HAYNES LOW. New York: Privately Printed. 1886.

This sketch was read before the American Numismatic and Archæological Society. It is based on a find of four hundred and twenty-eight copper coins by an American archæologist while excavating a small tumulus in the State of Oaxaca, in Mexico.

INQUIRIES OF CORRESPONDENTS.

ADDRESSED TO THE EDITOR OF THE BANKER'S MAGAZINE.

I. PART PAYMENT OF CHECK.

A check is presented for payment, but the depositor has insufficient funds to pay the whole amount. What shall the paying teller do?

REPLY.—Though an old question, it is not altogether settled. Grant, in his *Law of Bankers*, says, "A bill of exchange may be accepted for part only of the sum for which it is drawn, but whether a banker who has not sufficient funds of his customer in his hands to pay his check in full is bound or justified in making payment in part, has not been determined in our courts. On principle it would seem that a banker would not be bound or justified in doing so." 4th ed., p.43. Morse adopts the same view, and refers to the case of *Murray v. Judah*, 6 Cowen 490, which, however, so far as we can learn does not throw any light on the question. In a case tried in one of the Pennsylvania courts a few years ago, a different conclusion was reached. If the holder of the check was willing to receive the balance standing to the credit of the depositor, payment could be made and the amount could be indorsed on the check. *Bromley v. Com. Nat. Bank*, 9 Phil. 522. It is true this was not the decision of the highest court in the State, but no appeal from the rule thus declared was ever taken.

II. PAYMENT OF RETURNED CHECK.

We have received the following inquiry from one of our correspondents:

It is the custom of banks to return checks to drawer, at time book is balanced, after being paid and canceled. In many instances the cancellation is very imperfect, being a triangular cut in the check, which could easily be repaired beyond detection. Now if the checks thus returned should get out of possession of drawer and should be paid by bank a second time, who would be responsible for the loss?

REPLY.—The drawer. And for the reason that even if the bank were negligent in cancelling it, when it is returned and in the possession of the drawer it is his duty then to destroy it or to prevent its further currency. Certainly the bank on which it was drawn has no further duty in the premises. If, after payment, it should get out of the keeping of the bank in some wrongful or negligent way, instead of being returned to the drawer, and it should be presented a second time for payment, the consequence would be different, because it might be properly claimed that the negligent or imperfect cancellation of the bank was the cause of the second payment.

AN AMERICAN SYNDICATE IN HONDURAS.—Honduras has granted an extraordinary charter to an American syndicate, which is to establish a bank there to be called the National Bank of Honduras, to have the exclusive control of the banking business of the country, and, besides, to act as the fiscal agent of the Government, collecting its revenues and becoming the depository of the public funds. The bank is to have the free use of the Government telegraphs, and is exempt from the use of sealed and stamped paper. The Government limits its right to borrow of the bank to the amount of \$100,000 yearly, paying on its borrowings ten per cent. annual interest, and, as security therefor, pays the bank its customs receipts. The notes of the bank are to be receivable at par for all classes of duties and taxes. The revenue of Honduras is about \$1,300,000 annually, and its exports consist chiefly of mahogany, cattle, hides, indiarubber, and fruit, the latter going to the United States.

BANKING AND FINANCIAL ITEMS.

A BIT OF BANKING HISTORY.—At the banquet given last week by the banks and bankers of Boston to the American Bankers' Association, at the close of its convention in that city, Senator Dawes, of Massachusetts, said, in the course of a speech greatly praising the National banks, that "in the darkest hours of the war, when the credit of the nation was sinking and the hearts of patriots were growing faint, the National banks of this country came to the rescue and tendered to the Treasury of the United States, on more than one occasion, little short of their entire capital, brought back the confidence of the people, and the Treasury was relieved."

Mr. William H. H. Rhawn, of Philadelphia, being afterwards called upon to speak, said :

"*Mr. President and Gentlemen :* Having been intimately connected with National banks since their inception, I have listened with pleasure to their deserved eulogy by the distinguished speaker, Senator Dawes, but I cannot forget my earlier connection with State banks, and I remember that it was those institutions that first came to the aid of the Government in the hour of her supreme trial, and strengthened the hands of Judge Chase, then Secretary of the Treasury, by loans of one hundred and fifty millions of dollars in 1861, nearly two years before the first National bank act was passed. And the man who most inspired this patriotic action which restored the credit of the Government and gave it sinews of war, was one who has been present until within a few moments at this dinner, the venerable Joseph Patterson, of Philadelphia. I regret that he has passed out of the room, as he might have entertained us with reminiscences of so interesting a period in the history of banking, a brief sketch of which however, may be found in the current number of *Lippincott's Monthly Magazine*, entitled, 'The Banks in 1861,' and is well worth a careful perusal. This is the first published account of a great service rendered to the government, an event that has hitherto been wholly without public recognition or acknowledgment."—*Philadelphia Bulletin*.

UNCLAIMED MONEY.—Under the law amended by the last Legislature of Connecticut twenty-three banks have reported to the State Comptroller that they have on hand 1,012 deposit accounts, aggregating \$103,906.91 (an average of \$102.66 each), which have remained unclaimed twenty years or more. With the object of placing this money in the hands of those legally entitled to it, the law requires the banks to annually report these deposits, giving the amount, the name of each depositor and his last known place of residence. • The \$103,000 reported by twenty-three banks, will be supplemented before the Legislature meets by returns from twenty-three other but smaller banks, and it is estimated that the aggregate showing of deposits will not fall short of \$150,000 to \$175,000.

The returns from some of the oldest and largest banks of the State show very considerable amounts on hand. The Norwich Savings bank has 63 unclaimed deposits, aggregating \$27,919; the Society for Savings, Hartford, 648, \$27,782; the New London Savings Bank, 46, \$16,043; the Bridgeport Savings Bank, 38, \$9,843; the New Haven Savings Bank, 75, \$8,999; the Essex Savings Bank, 8, \$6,667; the Norwalk Savings Bank, 41, \$4,198, and the Middletown Savings Bank, 74, \$1,463. The Waterbury, the New Britain and several other old banks, likely to have considerable lists of unclaimed deposits, have not yet reported.

The law requiring the reporting of the deposits has been in operation only a few years but has already been of great benefit in enabling heirs to recover moneys of which they had no knowledge until the returns of the banks were given publicity through the newspapers. The returns received this year will be compiled in pamphlet form and published next winter by order of the Legislature. Several banks report sums of \$100 to \$500 standing to the credit of Connecticut soldiers who made deposits when they received their government or State bounties. Bullets or disease prevented their return to claim their money, and the Adjutant General proposes to take action to place it in the hands of the rightful heirs.

MAVERICK NATIONAL BANK.—The Boston *Advertiser*, in giving some account of the Boston banks and the condition of banking in that city, says, among other things, that Mr. Asa P. Potter, president of the Maverick bank, is partly responsible for the more active competition and enterprising spirit which has been introduced into Boston bank management within the past decade. The newspaper men all like Mr. Potter, and enjoy interviewing him. A keen, self-possessed man, alive to his finger tips with the genius of the nineteenth century, growing somewhat gray and slightly stouter of late years, but still looking younger than his age, which must be about forty-eight. I doubt if Mr. Potter reads much poetry or cares a great deal about the Concord school of philosophy; but the extent of his information in regard to men and current events is wonderful. Mr. Potter is not one of the bank presidents who go home at two o'clock, and may be observed at three o'clock almost any day still receiving a file of waiting visitors, or deciding questions of discount or dictating correspondence. Having despatched the business of the day, he goes to his summer residence upon the Jerusalem road, where he drives a four-in-hand with the same energetic, masterful spirit which has given him his present position in the financial community.

When Mr. Potter became president of the Maverick in 1876 its deposits were \$300,000. They are now \$10,000,000. The capital of the bank is still but \$400,000, but it has built up a surplus of \$400,000 also. About half of the surplus was made in the famous transactions in government bonds in 1878, or thereabouts, when the Maverick bank took great amounts of the new government 4s with a degree of confidence at which conservative bank men still shake their heads. At one time the Maverick bank owed the United States \$24,000,000 for government bonds. The activity and severe competition in modern bank management in which Mr. Potter has participated, have naturally provoked some antagonisms; but his success by the law of survival of the fittest is now generally recognized, and I recollect that when John Sherman was given a dinner in Boston after retiring from the office of Secretary of the Treasury, an antique gentleman of the old school of bank presidents took occasion to speak rather slightly of the opinions of "this young man Potter" upon the subject of interest rates. Mr. Sherman immediately replied with some emphasis that if the bankers of the United States had all assisted as did President Potter in Boston and a certain other bank president in New York, the work of refunding would have been much easier.

ANOTHER DEFAULTER CAPTURED BY THE AMERICAN SURETY COMPANY.—The American Surety Company, of New York, issued a bond to the Continental Oil Company, of Denver, Col., upon Wait E. Davis, agent of the oil company at Las Vegas, New Mexico. Recently Davis closed up his accounts, showing a deficit of \$499.60, and sent them to the company with the statement that he had lost his pocket-book which contained the money. He also left Las Vegas for Denver to get out of the jurisdiction of New Mexico. The oil company reported the situation to the American Surety Company, who forthwith despatched an inspector to Colorado to investigate the case. By a carefully arranged plan the presence of Davis was obtained at Las Vegas, and inquiries having elicited information showing conclusively that his story of the loss was false, he was immediately arrested, and on a preliminary examination, which was sharply contested, he was committed to jail in default of bail to await the action of the Grand Jury. His conviction is regarded as certain.

The American Surety Company promptly paid the Continental Oil Company the amount of the loss, as indicated by the following letter:

Office of CONTINENTAL OIL COMPANY, }
DENVER, Colo., July 1, 1886. }

American Surety Co., 160 Broadway, New York.

GENTLEMEN:—I have to thank you for remittance received from you, covering amount of shortage of our late agent, W. E. Davis, Las Vegas, N. M. It affords me much pleasure to testify to the very prompt action taken by you, looking to the punishment of the party referred to and the early settlement of our claim.

Respectfully yours, W. M. PATTERSON, *Secretary and Treasurer.*

This action of the American Surety Company, along with that in the Myer case previously noted, shows that the company is vigilant, and moves with celerity upon defaulters.

NEW BANKS, BANKERS, AND SAVINGS BANKS.

(Monthly List, continued from August No., page 150.)

State.	Place and Capital.	Bank or Banker.	Cashier and N. Y. Correspondent.
CAL.	Pasadena.....	Pasadena National Bank.	Importers & Traders' Nat'l Bank.
	\$50,000	I. W. Hellman, <i>Pr.</i>	G. A. Swartwout, <i>Cas.</i>
DAK.	Millbank.....	Millbank Collection Co....	
		E. P. O'Brien, <i>Pr.</i>	Steven Hopkins, <i>M'gr.</i>
"	Alpena.....	D. F. Royer.....	
"	Deadwood.....	Deadwood National Bank.	
	\$100,000	G. C. Hickok, <i>Pr.</i>	J. L. Maxwell, Jr., <i>Cas.</i>
"	Montrose.....	Montrose Bank.....	National Bank of Republic.
		J. T. Hamilton, <i>Pr.</i>	G. H. Farley, <i>Cas.</i>
"	Faulkton.....	Bank of Faulkton.....	Chas. White, <i>Cas.</i>
"	Hermosa.....	Bank of Hermosa.....	
	\$35,000	Herman M. McKnight, <i>Pr.</i>	A. U. Thomas, <i>Cas.</i>
ILL.	Springfield.....	Illinois National Bank....	
	\$300,000	DeWitt W. Smith, <i>Pr.</i>	Benj. R. Hieronymus, <i>Cas.</i>
"	Staunton.....	Staunton Bank.....	Ninth National Bank.
	\$25,000	Eichberg, Friedman & Co.	S. A. Friedman, <i>Cas.</i>
KAN.	Greenleaf.....	Greenleaf State Bank.....	National Bank of Republic.
	\$30,000	F. W. Stackpole, <i>Pr.</i>	Wm. J. Tobey, <i>Cas.</i>
"	Atwood.....	Bank of Atwood.....	National Park Bank.
	\$20,000	Francis Browne, <i>Pr.</i>	James R. Clark, <i>Cas.</i>
"	Cullison.....	Bank of Cullison.....	American Exchange National B'k.
		Geo. W. Lemon, <i>Pr.</i>	T. B. Holmes, <i>Cas.</i>
"	Junction City..	First National Bank.....	Fourth National Bank.
	\$50,000	Wm. B. Clarke, <i>Pr.</i>	G. W. McKnight, <i>Cas.</i>
"	Kinsley.....	Edward's Mercantile Bank	First National Bank.
	\$125,000	Rufus E. Edwards, <i>Pr.</i>	Chas. C. Sellers, <i>Cas.</i>
"	La Crosse.....	Citizens' Bank.....	
		James S. Warden, <i>Pr.</i>	John M. Stouffer, <i>Cas.</i>
"	Mulvane.....	Mulvane State Bank.....	Chase National Bank.
	\$30,000	Wm. H. Egan, <i>Pr.</i>	L. D. Hill, <i>Cas.</i>
"	Ness City.....	First National Bank.....	Hanover National Bank.
	\$50,000	Jacob W. Rush, <i>Pr.</i>	Chas. L. Rogers, <i>Cas.</i>
"	Smith Centre..	First National Bank.....	
	\$50,000	John R. Burrow, <i>Pr.</i>	W. H. Nelson, <i>Cas.</i>
"	Vermillion.....	Bank of Vermillion.....	Hanover National Bank.
		A. J. Bingham, <i>Pr.</i>	N. C. Phinney, <i>Cas.</i>
"	Wilson.....	Wilson State Bank.....	United States National Bank.
	\$50,000	E. E. Parker, <i>Pr.</i>	B. S. Westfall, <i>Cas.</i>
MASS.	Brookline.....	Brookline National Bank.	
	\$100,000	J. Anson Guild, <i>Pr.</i>	R. S. Swan, <i>Cas.</i>
"	Medford.....	Medford Co-operative B'k	
	\$1,000,000	Dana I. McIntire, <i>Pr.</i>	Jas. S. Sturtevant, <i>Cas.</i>
"	Springfield....	Springfield Safe Deposit & Trust Co.	
	\$500,000	J. G. Mackintosh, <i>Pr.</i>	W. A. Lincoln, <i>Tr.</i>
MICH.	Sault Ste. Marie	First National Bank.....	Importers & Traders' Nat'l Bank.
	\$50,000	Otto Fowle, <i>Pr.</i>	Edward H. Mead, <i>Cas.</i>
"	Sturgis.....	Clapp Brothers & Co.....	Chase National Bank.
	\$50,000		Harry A. Clapp, <i>Cas.</i>
MINN.	Morris.....	Stevens Co. Abstract & Real Estate Agency.	
	\$50,000	P. A. McCarthy, <i>Pr.</i>	E. P. O'Brien, <i>Sec.</i>
MO.	Kingston.....	Kingston Savings Bank..	
	\$7,500	Bolen F. Brown, <i>Pr.</i>	Abijah W. Bishop, <i>Cas.</i>
NEB.	Anselmo.....	First Bank of Anselmo... (Dorr, Heffleman & Co.)	
"	Arcadia.....	First Bank of Arcadia....	
		A. P. Culley, <i>Pr.</i>	A. E. Charlton, <i>Cas.</i>
"	Carlton.....	Bank of Carlton.....	Frank L. Fuller, <i>Cas.</i>
"	Fairfield.....	Citizens' Bank.....	Chemical National Bank.
	\$25,000	John C. Hedger, <i>Pr.</i>	Chas. L. Lewis, <i>Cas.</i>

<i>State.</i>	<i>Place and Capital.</i>	<i>Bank or Banker.</i>	<i>Cashier and N. Y. Correspondent.</i>
NEB....	Franklin.....	First National Bank.....	American Exch. Nat'l Bank.
	\$60,000	James F. Zediker, <i>Pr.</i>	James L. Thompson, <i>Cas.</i>
" ..	Hastings.....	Western L. & Invest. Co. ....	.....
	\$100,000	Harrison Bostwick, <i>Pr.</i>	Geo. M. Reynolds, <i>Cas.</i>
" ..	Leigh.....	Maple Valley B'k. (Bolton & Whiting)	Nat. B'k of Republic.
N. MEX.	Socorro.....	Bank of Socorro.....	Fourth National Bank.
		John W. Terry, <i>Pr.</i>	W. H. Moore, <i>Cas.</i>
N. Y....	Suspension Brg.	Bank of Suspension Brg. ..	Manhattan Co. Bank.
	\$25,000	Benj. Flayler, <i>Pr.</i>	Frank E. Johnson, <i>Cas.</i>
OHIO...	Cleveland.....	Euclid Ave. National B'k.	Hanover National Bank.
	\$500,000	John L. Woods, <i>Pr.</i>	S. L. Severance, <i>Cas.</i>
PA.....	Harrison Valley	Strang & Co.....	.....
	\$10,000	.....	.....
" ..	Royersford ...	Nat. Bank of Royersford	.....
	\$100,000	Jos. Keeley, <i>Pr.</i>	U. S. G. Finkbinder, <i>Cas.</i>
VA.....	Richmond.....	Broad Street Bank.....	.....
	\$100,000	James H. Dooley, <i>Pr.</i>	Jno. L. Waring, <i>Cas.</i>
WIS....	Mayville.....	Mayville Exchange Bank. ....	.....
	\$15,000	(S. W. Lamoreux, <i>Pr.</i>)	C. W. Lamoreux, <i>Cas.</i>
WYO....	Douglas.....	Richards Bros. & Brown.	Hanover National Bank.
		.....	Joe W. Foster, <i>Cas.</i>

CHANGES, DISSOLUTIONS, ETC.

(Monthly List, continued from August No., page 151.)

DAK....	Grand View....	Dakota Mortgage & Tr. Co.; have removed to Armour, Dak.
" ..	Grand View....	Citizens' Bank; has removed to Armour, Dakota.
" ..	Mitchell.....	American Investment Co.; has removed to Topeka, Kansas.
" ..	Portland.....	Bank of Portland (W. S. Birch); now Steele & Proehl.
ILL....	Carbondale....	City Bank of Carbondale (Rendleman & Abel); succeeded by Wm. Wykes.
" ..	Mount Carmel..	Cowling, Evans & Co.; suc. by Cowling, Gowenlock & Co.
IOWA...	Creston.....	Bank of Creston; has merged into First National Bank.
KAN....	Coldwater.....	Comanche County Bank (Holmes & Co.); sold out to First National Bank, Medicine Lodge.
" ..	Junction City..	Banking House of W. B. Clarke; now First National Bank.
MASS...	Amesbury.....	Powow River National Bank of Salisbury; now Powow River National Bank of Amesbury.
MICH...	Sault Ste. Marie	Chippewa County Bank; now First National Bank.
NEB....	Axtell.....	Bank of Axtell (Stewart & Gilman); now Stewart & Sewell.
" ..	Franklin.....	State Bank; succeeded by First National Bank.
N. MEX.	Socorro.....	First National Bank gone into voluntary liquidation; continued by Bank of Socorro.
OHIO...	Wapakoneta...	People's Bank; now Peoples' National Bank.
OREGON	Portland.....	Willamette Savings Bank; now Merchants' National Bank.
WIS....	New Lisbon....	Farmers & Merchants' Bank; now Farmers & Merchants' Bank (Hughes & Marsh).

FARM MORTGAGES.—In connection with the editorial that appears elsewhere on this subject, it may be mentioned that prominent among dealers in such securities is the Equitable Mortgage Company. It seems to have gone over the entire record of land loans, and now, while guided by past experience, seems to be quite the foremost in advanced ideas. The detailed information it gives to the investor about each individual loan would seem to satisfy the most inquisitive and conservative investor. Its plan of leasing its loans upon the intrinsic, as distinguished from the commercial value of property, is a new, but sound proposition. A company like this, with upwards of half a million of capital liability, with three hundred thousand of cash capital, not owning a dollar of land, conducting its business upon the soundest and most conservative principles, with its extensive bank connections in the West, offers to the investing public land credit bonds in the most approved form, and wisdom would suggest such a responsible and reliable channel as the one to be selected in all cases.

CHANGES OF PRESIDENT AND CASHIER.

(Monthly List, continued from August No., page 152.)

	<i>Bank and place.</i>	<i>Elected.</i>	<i>In place of</i>
ARK....	McIlroy & Co., Fayetteville.	{ Wm. McIlroy, <i>Pr</i> W. R. McIlroy, <i>Cas</i>.....	..........
CAL....	Consolidated Nat. B., San Diego	John Ginty, <i>Cas</i>	Geo. W. Marston.
COL....	First N. B., Colorado Springs	J. A. Hayes, Jr., <i>Cas</i>	Matthew Kennedy.
CONN...	People's Sav. Bank, Bridgeport.	Edward W. Marsh, <i>Tr.</i> ...	F. W. Marsh.
"	.. Mariners' S. B'k, New London.	C. C. Comstock, <i>Pr</i>	Wm. H. Barnes.*
"	.. Ridgefield National Bank, Ridgefield.	{ Lewis H. Bailey, <i>Pr</i> D. S. Sholes, <i>Treas</i>	{ D. L. Adams. Lewis H. Bailey.
"	.. South Norwalk Savings B'k, South Norwalk.	{ Alden Solmans, <i>Pr</i> John H. Ferris, <i>V. P.</i>	{ Dudley P. Ely. Alden Solmans.
DAK...	First National Bank, Doland.	A. Munger, <i>V. P.</i>.....	.....
"	.. Bismarck Nat'l B'k, Bismarck.	Geo. P. Flannery, <i>V. P.</i> ...	J. Bragg.
"	.. Bank of Portland, Portland.	{ F. G. Steele, <i>Pr</i> L. J. Proehl, <i>Cas</i>.....	..........
"	.. Farm. & Merch. N. B., Valley C.	Amasa P. Peake, <i>Cas</i>	A. Warner.
GA....	Milledgeville Banking Co., Milledgeville.	{ G. T. Wiedenman, <i>Pr</i>	L. N. Callaway.
ILL....	Farmers' National Bank, Pekin.	A. H. Purdie, <i>Cas</i>	B. R. Hieronymus.
"	.. Ridgely Nat'l B'k, Springfield.	Edw. Ridgely, <i>Ass't Cas</i>.....	.....
IND....	Decatur Nat'l Bank, Decatur.	Henry Oberwegner, <i>Cas</i> ...	Gus A. Kolbe.
IOWA...	Atlantic Nat'l Bank, Atlantic	H. M. Boorman, <i>A. Cas</i> ...	J. W. Winslow.
"	.. First National Bank, Creston.	E. J. Bush, <i>V. P.</i>	A. B. Devoe.
KANSAS.	Comanche Co. Bank, Coldwater.	{ James A. Blair, <i>Pr</i> F. H. Hurlbut, <i>Cas</i>.....	..........
"	.. Cloud County B'k, Concordia.	Wm. M. Peck, <i>Cas</i>	V. H. Branch.
"	.. Central Nat'l Bank, Ellsworth.	G. W. Clawson, <i>Pr</i>	C. F. McGrew.
"	.. Fredonia Bank, Fredonia.	W. W. Sholes, <i>Pr</i>	John Howell.
"	.. Central Kansas B'k, Junc City.	C. H. Trott, <i>Pr</i>	H. B. Pierce.
"	.. State National Bank, Wichita.	W. H. Livingston, <i>Cas</i> ...	L. D. Skinner.
LA....	Louisiana Nat. B., New Orleans.	Leon F. Janin, <i>Ass't Cas</i>...	.....
MASS...	People's National Bank, Boston.	{ Geo. C. Leach, <i>Pr</i> Albert P. Richardson, <i>Ca</i> ...	{ Henry Guild.* Geo. C. Leach.
"	.. South Framingham Nat'l B'k, South Framingham.	{ Franklin Manson, <i>Pr</i> A. Merriam, <i>V. P.</i>	{ A. Merriam. Franklin Manson.
"		Fred. L. Oaks, <i>Cas</i>	F. M. Stockwell.
MICH...	Alpena Banking Co., Alpena.	{ A. W. Comstock, <i>Pr</i> J. B. Comstock, <i>Cas</i>	{ C. Bewick. A. W. Comstock.
"	.. First National Bank, Decatur.	H. E. Squier, <i>Cas</i>	L. D. Hill.
"	.. First National Bank, Saginaw.	T. W. Stalker, <i>Ass't Cas</i>.....	.....
MINN...	Duluth National Bank, Duluth.	C. R. Haines, <i>Acting Cas</i> ...	F. W. Paine.
"	.. Nobles Co. B'k, Worthington.	M. P. Mann, <i>Cas</i>	Geo. J. Day.
MONT...	First National Bank, Miles City.	{ E. B. Weirick, <i>Cas</i> H. B. Wiley, <i>Ass't Cas</i>	{ H. F. Batchelor. E. B. Weirick.
NEB....	First National Bank, Arapahoe.	{ Geo. J. Burgess, <i>V. P.</i> ... H. Chamberlin, <i>Ass't Cas</i>...	..........
"	.. Hamilton County Bank, Aurora.	{ W. H. Streeter, <i>Pr</i> W. C. Chambers, <i>Cas</i>	{ Geo. Wildish. M. T. Wildish.
"	.. First National Bank, Blair.	Bruno Eyferth, <i>Cas</i>	F. H. Claridge.
N. Y. .	First National Bank, Cuba.	{ Wm. P. Stevens, <i>Pr</i> Seneca Allen, <i>V. P.</i>	{ E. M. Bond. Wm. P. Stevens.
"	.. N. Granville N. B., N. Granville	Chas. K. Baker, <i>V. P.</i> ...	A. Willett.
"	.. Westchester Co. N. B., Peekskill	Cyrus Frost, <i>Pr</i>	D. F. Clapp.
"	.. Walden National Bank, Walden.	{ W. G. Rutherford, <i>Cas</i> ... W. C. Stevens, <i>Ass't Cas</i> ...	{ W. C. Stevens.
N. C. .	Fayettev'le Nat'l B., Fayettev'le	Henry W. Lilly, <i>V. P.</i>...	.....
PENN...	Youghiogheny B., Connellsv'le.	J. C. Kurtz, <i>Cas</i>	A. C. Knox.
S. C. .	Central Nat'l Bank, Columbia.	James Woodrow, <i>V. P.</i> ...	T. A. McCreery.

* Deceased.

	<i>Bank and Place.</i>	<i>Elected.</i>	<i>In place of</i>
TENN.	Far. & Merch. N. B., Clarksville	J. J. Crusman, <i>Pr.</i>	H. H. Lurton.
"	People's National Bank, Shelbyville.	W. M. Bryant, <i>V. P.</i>	
		Jno. D. Hutton, <i>Ass't Cas.</i>	
TEXAS.	City B'k of Sherman, Sherman	A. W. Byers, <i>Cas.</i>	C. C. Jones.
"	Concho National Bank, San Angelo.	Geo. E. Webb, <i>Cas.</i>	J. W. Elliott.*
		E. Cartledge, <i>V. P.</i>	
WASH.	First Nat'l Bank, No. Yakima	W. L. Steinweg, <i>Cas.</i>	A. W. Engle.
Wis.	Farmers & Merchants' Bank, New Lisbon.	J. J. Hughes, <i>Pr.</i>	H. E. Macomber.
		J. H. Marsh, <i>Cas.</i>	W. D. Macomber.
N. S.	The Pictou Bank, Pictou	D. C. Chalmers, <i>Cas.</i>	D. M. Fraser.

* Deceased

OFFICIAL BULLETIN OF NEW NATIONAL BANKS.

(Continued from August No., page 153.)

<i>No.</i>	<i>Name and Place.</i>	<i>President.</i>	<i>Cashier.</i>	<i>Capital.</i>
3542	First National Bank..... Ness City, KAN.	Jacob W. Rush,	Chas. L. Rogers,	\$ 50,000
3543	First National Bank..... Junction City, KAN.	Wm. B. Clarke,	G. W. McKnight,	50,000
3544	American National Bank..... Kansas City, MO.	Wm. B. Grimes,	H. P. Stimson,	1,250,000
3545	Euclid Avenue National Bank... Cleveland, OHIO.	John L. Woods,	S. L. Severance,	500,000
3546	First National Bank..... Smith Centre, KAN.	J. R. Burrow,	W. H. Nelson,	50,000
3547	First National Bank..... Sault Ste. Marie, MICH.	Otto Fowle,	Edward H. Mead,	50,000
3548	Illinois National Bank..... Springfield, ILL.	DeWitt W. Smith,	Benj. R. Hieronymus,	300,000
3549	First National Bank..... Franklin, NEB.	James F. Zediker,	James L. Thompson,	60,000
3550	First National Bank..... Worthington, MINN.	Anton Knoblauch,	Geo. J. Day,	75,000
3551	National Bank of Royersford... Royersford, PENN.	Jos. Keeley,	U. S. G. Finkbinder,	100,000
3552	Deadwood National Bank..... Deadwood, DAK.	Geo. C. Hickok,	James L. Maxwell, Jr.	100,000
3553	Brookline National Bank..... Brookline, MASS.	J. Anson Guild,	R. S. Swan.	100,000

The reports of the New York Clearing-house returns compare as follows:

<i>1886.</i>	<i>Loans.</i>	<i>Specie.</i>	<i>Legal Tenders.</i>	<i>Deposits.</i>	<i>Circulation.</i>	<i>Surpluses.</i>
Aug. 7...	\$ 358,169,000	\$ 65,084,000	\$ 37,764,800	\$ 376,806,300	\$ 8,016,700	\$ 8,647,250
" 14...	355,075,100	65,369,100	34,159,100	369,263,900	7,905,000	7,212,225
" 21...	348,057,600	66,165,900	30,103,300	358,121,300	7,915,700	6,738,875
" 28...	342,333,200	68,582,100	25,673,300	349,393,000	7,982,900	6,907,150

The Boston bank statement is as follows:

<i>1886.</i>	<i>Loans.</i>	<i>Specie.</i>	<i>Legal Tenders.</i>	<i>Deposits.</i>	<i>Circulation.</i>
July 31...	\$ 146,786,000	\$ 9,699,000	\$ 2,927,500	\$ 104,718,800	\$ 15,980,600
Aug. 7.....	146,137,300	9,509,200	2,785,900	103,474,900	15,790,100
" 14.....	141,325,700	9,470,300	2,534,200	101,655,700	15,751,800
" 21.....	143,416,600	9,511,400	2,566,400	98,840,800	15,495,400
" 28.....	141,443,100	9,499,500	2,711,200	97,722,900	15,766,400

The Clearing-house exhibit of the Philadelphia banks is as annexed:

<i>1886.</i>	<i>Loans.</i>	<i>Reserves.</i>	<i>Deposits.</i>	<i>Circulation.</i>
July 31.....	\$ 87,687,600	\$ 23,782,700	\$ 85,764,300	\$ 6,007,300
Aug. 7.....	88,072,900	23,751,600	85,184,500	5,998,200
" 14.....	88,691,400	23,229,100	85,574,700	6,013,000
" 21.....	88,671,300	22,189,900	83,938,100	6,030,360
" 28.....	87,798,800	21,794,700	82,843,100	5,627,763

STATEMENT of the Business of the Post Office Savings Bank, Canada, year by year, from April 1st, 1868 to June 30th, 1886.

PERIOD.	Cost of Maintaining the P. O. Savings Bank.										Total amount standing to the credit of all Open Accounts, inclusive of interest allowed, at close of period.		Average amount standing to credit of each Open Account at close of period.	
	No. of Post Office Savings Banks at close of period.	Number of deposits received during period.	Total amount of deposits received during period.	Average amount of each deposit received during period.	Number of withdrawals during period.	Total amount withdrawn during period.	Average amount withdrawn during period.	Number of accounts remaining open at close of period.	Total expenses of Management, including Salaries, Compensation for Postmaster's Inspection, Printing, Stationery, &c.	Average cost of each Transaction, viz.: of each deposit or withdrawal.	Percentage of Cost of Management to Balance due to depositors.	Losses sustained.	Interest allowed to depositors.	
Three months ended June 30, 1868.....	81	3,247	212,507	65.44	166	8,857.48	53.35	2,102	8,389.43	—	—	939.37	204,588.89	97.33
Year ended June 30, 1869.....	213	16,653	927,885	55.71	4,787	206,754.35	61.99	7,212	5,838.14	0.23	4-10	21,004.72	856,814.26	118.80
Year ended June 30, 1870.....	226	24,994	1,347,001	53.93	9,478	664,555.51	70.11	12,178	8,128.12	0.20	5-10	48,689.08	1,588,848.83	130.41
Year ended June 30, 1871.....	230	33,256	1,917,576	57.66	15,148	1,093,438.86	72.10	17,153	11,108.40	0.20	0.44	84,273.68	2,497,259.65	145.59
Year ended June 30, 1872.....	235	39,469	2,261,611	57.27	19,325	1,571,605.19	81.33	21,059	12,242.34	0.30	0.39	116,174.55	3,096,500.01	147.04
Year ended June 30, 1873.....	239	44,413	2,506,918	51.94	22,159	1,925,999.32	86.91	23,526	15,093.78	0.22	0.47	126,932.88	3,207,951.57	156.32
Year ended June 30, 1874.....	266	45,329	2,340,284	51.63	24,248	2,086,243.42	86.04	24,968	14,442.71	0.20	0.45	126,273.31	3,204,955.46	128.36
Year ended June 30, 1875.....	268	42,508	1,942,346	45.69	24,637	2,041,879.04	88.88	24,904	12,539.59	0.18	0.42	120,758.06	2,926,090.48	120.44
Year ended June 30, 1876.....	279	38,647	1,726,204	44.66	23,137	1,783,257.97	77.11	24,415	14,662.14	0.23	0.53	110,116.08	2,740,954.59	112.27
Year ended June 30, 1877.....	287	36,126	1,521,000	42.10	21,643	1,525,682.08	70.49	24,074	15,149.13	0.26	0.57	104,667.86	2,639,937.47	109.60
Year ended June 30, 1878.....	295	40,097	1,724,371	43.00	21,065	1,466,158.73	70.35	25,535	15,266.08	0.25	0.55	103,834.29	2,754,484.83	107.87
Year ended June 30, 1879.....	297	43,349	1,973,243	45.52	22,326	1,475,048.79	66.07	27,445	16,100.03	0.24	0.51	110,912.59	3,105,190.86	113.44
Year ended June 30, 1880.....	297	50,031	2,720,216	48.55	26,043	1,820,210.13	66.89	31,305	19,134.14	0.23	0.49	136,075.47	3,945,669.11	125.80
Year ended June 30, 1881.....	304	71,747	4,175,042	58.19	28,398	2,072,289.15	73.36	39,605	23,223.99	0.23	0.37	184,994.81	6,208,294.81	176.75
Year ended June 30, 1882.....	358	97,380	6,435,989	66.09	35,859	3,461,619.31	66.53	51,463	29,245.68	0.21	0.10	391.00	9,473,661.53	184.08
Year ended June 30, 1883.....	330	109,489	6,826,266	62.15	25,253	4,730,995.39	104.54	61,059	31,180.03	0.20	0.26	407,305.17	11,976,237.31	196.13
Year ended June 30, 1884.....	343	109,388	6,444,139	58.88	56,020	5,649,611.13	100.84	66,682	34,168.95	0.20	0.26	477,487.46	13,245,562.64	198.63
Year ended June 30, 1885.....	353	116,576	7,098,459	60.89	59,714	5,793,031.84	97.01	73,322	35,751.23	0.20	0.24	539,500.51	15,090,540.31	205.61
Year ended June 30, 1886.....	392	126,322	7,645,227	66.52	62,205	6,183,470.60	99.40	80,870	41,358.11	0.21	0.24	341.49	17,593,372.09	212.18

The fluctuations in the expenses of management, and the average cost of each transaction,—where not explained by variations in the amount of business and the number of transactions,—are mainly attributable to payments in one year for services not wholly chargeable to that year.

The total cost of maintaining the Post Office Savings Bank, including interest allowed to depositors and all expenses of management, averages about 4 1-10 per cent. on the average Savings Bank balance in the hands of the Government.

Nine and one-half per cent. of the transactions during the year, or almost one in every ten deposits and withdrawals, were by depositors availing themselves of their privilege to deposit and draw at pleasure at any Post Office Savings Bank, without change of Pass Book. The transactions of this character numbered 17,650 during the year.

Post Office Department, Ottawa, July 17th, 1886.

J. C. STRAWAT, Superintendent Savings Bank Branch.

FLUCTUATIONS OF THE NEW YORK STOCK EXCHANGE, AUGUST, 1886.

Opening, Highest, Lowest and Closing Prices of Stocks and Bonds in August.									
GOVERNMENTS.		Interest Periods.	Open- ing.	High- est.	Low- est.	Close- ing.	RAILROAD STOCKS.		
4½s, 1891.....reg.	Mar.	110	112	112	109½	111	East Tenn., Va. & Ga. Do. pref.....	—	—
4½s, 1891.....coup.	Mar.	110	112	112	109½	111	Do. pref.....	—	—
4s, 1907.....reg.	Jan.	126½	126½	126½	126½	126½	Houston & Texas.....	31½	5%
4s, 1907.....coup.	Jan.	126½	126½	126½	126½	126½	Illinois Central.....	34½	30½
1½ coupon U. S. reg.	Feb.	100½	100½	100½	100½	100½	Indiana, Bloom'g'n & Western	73	71½
6s, cur Cy, 1893 reg.	Jan.	126½	126½	126½	126½	126½	Louisville & Nashville.....	36½	36½
6s, cur Cy, 1896 reg.	Jan.	126½	126½	126½	126½	126½	Louisville, N. Alb. & Chic.	134	134
4s, cur Cy, 1893 reg.	July.	135½	135½	135½	135½	135½	Lake Shore.....	43½	43½
6s, cur Cy, 1896 reg.	July.	135½	135½	135½	135½	135½	Long Island.....	85½	85½
4s, cur Cy, 1893 reg.	July.	135½	135½	135½	135½	135½	Michigan Central.....	94	94
6s, cur Cy, 1896 reg.	July.	135½	135½	135½	135½	135½	Mill L. Sh. & West.....	78½	78½
							Do. pref.....	10½	10½
							Morris & Essex.....	67	65
							Missouri Pacific.....	86	86
							Missouri, Kansas & Texas.....	110	110
							Manhattan Beach Co.....	29½	29½
							Mobile & Charleston.....	33	33
							Mobile & Ohio.....	140	140
							St. Louis & San Fran. pref.....	124	124
							St. Paul & Duluth.....	40	36
							St. Paul, Minneap. & Man.....	36	36
							Texas Pacific.....	21½	21½
							Union Pacific.....	45½	45½
							Western Union Telegraph.....	9½	9½
							Wabash Pacific.....	22	18½
							MISCELLANEOUS—	18½	18½
							Express—Adams.....	142	142
							American.....	108	108
							United States.....	64	64
							Wells-Fargo.....	128	128
							Ches. & Ohio series B.....	78	78
							Denver & Rio Grande 1st.....	81	76½
							Lehigh & W. B. con. ass.....	122½	118
							Metropolitan Elevated 1st.....	113	113
							Mo., K. & T. con. ass.....	118	116½
							Mo., K. & Texas ad.....	113	113
							N. Y. Elevated 1st.....	82½	82½
							N. Y. Chi. & St. L. 1st.....	98½	97
							N. Y. L. E. & W. ad con.....	127	125
							N. Y. Shore guar. 4 s.....	115	114
							Union Pacific 1st.....	104	100½
							Union Pacific 7s. L'd G.....	116	115½
							Union Pacific S. F'd.....	120	119½

NOTES ON THE MONEY MARKET.

A FINANCIAL AND COMMERCIAL REVIEW.

There has been more than a fulfillment of the business promises made for August, during the month of July. This has been more especially true of real or legitimate business, than it has of speculation or gambling. There could be nothing more hopeful, than such a happy change in trade. From 1879 to 1885 speculation has flourished at the expense of commerce and industry. Or, failing in that, it had preyed upon the true interests of the country and paralyzed those it did not destroy. Now the tables are turning, and speculation, having run its course, like a fever, has subsided and left its subjects in a more healthy state, though still feeble in some cases from the long drain upon their systems, and not fully recovered in strength and activity as yet. The stringency in the money market and even increasing imports, while regarded as bad things for the speculator, are sure indices of a better business all over the country, where half, at least, of the huge surplus bank reserves that had accumulated a year ago in New York for want of employment has gone, notwithstanding the other half has been exported the last six months in the shape of gold to pay for our imports. The effect of these influences has been felt on the speculation in stocks, while that in produce has had to take a back seat also to exporters, who have at last secured the control of these markets against the speculators. The result is seen in our exports the first seven months of this year, which have recently ran ahead of those of last year sufficiently to bring the last half of the past fiscal year's exports up to those of the year before, although the deficit of the first half, still stands against us, with imports far in excess of last year.

But this covers the period of our last crop year, while we have now entered upon a new crop with the beginning of August, and the largest exports, not only, but the largest movement of the crops from the West to the seaboard that has occurred in years. Farmers have been free sellers, and exporters have taken our wheat freely on the spot and for future shipment, until a scarcity of ocean tonnage has been caused in grain freights for the first time in many years. At the same time, western roads are unable to furnish cars to the interior as fast as they are wanted to move this crop to market.

Such a radical change as this from the past few years, both in the produce export markets and in the traffic of transportation companies, both by land and water, is much more than was promised of the past month, at the close of July, when the condition of our crops was most critical and the fear of another short crop year as bad as that of 1881, which brought such hard times in its wake, depressed the transportation and legitimate interests, while it brought into activity again that baneful old speculative influence that controlled our markets in 1881 and drove away our export trade. These crop conditions have so improved at home in the last thirty days, under the influence of timely and general rains throughout the country, that those fears and that influence have disappeared together, leaving us with good average crops of everything, including the surplus of last year's crops carried over into this year.

Nor is this the only happy change for this country, that has happened in the same period. The unusually heavy rains that prevailed in most parts of the United States during August, where they were so much needed, also prevailed in Europe, where they were not wanted. These were general and continuous for nearly a month, both in the United Kingdom and Continent, beginning in July, and not ending till after the middle of August, when it was too late to overcome the damage, which materially reduced the prospects of early July for good average crops in Europe this year. Nor is this all. The harvest of Europe is not only the worst in five years, but it is of poor quality, requiring an unusual amount of our kinds of wheat to mix with their own in order to make merchantable flours. The wheats of other countries are much inferior to American for this purpose, always. But this year, our wheat, both spring and winter, was harvested in unusually fine condition, and is of excellent quality. This fact has raised the estimated yield of this crop materially from that current, and given in our last, of 410 to 425 millions of bushels, until 440 is now the more generally accepted estimate. The winter wheat was harvested during the drought, and the spring wheat harvest did not come until after the rainy season ended, which nearly saved the worst damaged sections in the Northwest, making the whole spring crop about as good, as last year.

Thus, our wheat crop was not only saved by the weather here, but an old-time foreign demand was created for it by the weather in Europe, which will require England to import fully 150 millions of bushels this year, and France nearly, if not quite, 70 millions of bushels. The import wants of all Europe, in excess of the total crops of Europe, including Russia, are placed at 180 to 190 millions of bushels. The United States will have about 100 millions to give her; India, 40 millions. Australia has a short crop, and is importing flour from California; Chili has about 4 million bushels to export; the Argentine States, 2 millions; Canada, 10 millions, and other countries 4 millions more, making a total of 160 millions to supply the deficit of 180 to 190 millions in Europe. It will thus be seen what a strong, healthy position the wheat market of this country is at last in again, after four years of decline in our export trade. The prospect is for higher prices later on, when the spring wheat movement is over and the probability is that the bulk of the above 20 to 30 million deficit between Europe's wants and the world's supplies will have to be taken out of our reserves, running our exports from 100 to 125 millions of bushels, which would send us into another crop with short supplies at home.

As to the situation of corn and oats alluded to as so precarious in our last, the same happy change has passed over those markets. Oats were too far advanced to be seriously hurt, though the yield was shortened, perhaps, 40 million bushels. But we are supposed to have carried over 100 millions from the old crop, while the quality of the new, like that of wheat, was never finer. Corn was reduced in yield, no doubt, and we shall not have as large a crop as a year ago. Yet there has not been a complaint from the corn belt in over two weeks, which is the surest evidence that the damage of a month ago is fast being recovered. Instead of 1,500 millions, therefore, we shall be more likely to have a crop of 1,800 millions, with the present warm weather till the middle of September, after a wet August. At all events we had an enormous surplus left from last year, so that our supply

of all kinds of grain is fully up to the average, although the hay crop is not, and pasturage was short. Thus, we have good crops assured, and a good demand for export, unless it be in the case of cotton, which would be unfavorably affected by a European war, although the chances now scarcely seem to favor one before the new crop is marketed.

Cotton was but little affected by the drought of July, as it did not extend sufficiently south, though rain in August on the Atlantic States caused some damage. But a good crop is now made, and a growing and healthy demand for it assured, though the supply is still pretty large and consumption has not yet fairly overtaken the late over-production, as it has in breadstuffs. Cotton, however, is on its merits, and unusually free of speculation, as the public are not in it, as in grain, but avoid it much as they do provisions, though not for the same reasons. European war, however, is a menace to cotton, while a help to breadstuffs, as it would materially decrease the demand for the former, while increasing it for the latter. Already the threatened outbreak over the Eastern Question has unfavorably affected cotton and breadstuffs, *vice versa*, while it has had no perceptible effect on provisions as yet, although it would, the moment hostilities began. Meantime the European war cloud that now hangs over all our markets, depressing stocks in sympathy with European securities, and advancing grain in sympathy with European grain markets also, is liable at any moment to burst on the Danube, blockade its grain fleet, and send American feed as well as food products much higher.

It will therefore be seen that our markets for produce are in the most healthy and legitimate position for years, free from speculative manipulation to an unusual extent, while demand has at last overtaken supply, after the over-production of the world for three years. There is one staple, however, that is an exception. That is provisions, the export demand for which was the best in years three months ago, until a combination of speculators in Chicago and Milwaukee, through brokers in Chicago and here, tried to engineer a corner in September lard in both markets. They counted on making Europe—which was short in our market on the options, and in her own markets on the cash, as was supposed—buy our surplus stock for export, and make them cover their shorts here. Instead, Europe refused to do either, and shut off our exports till very lately, when the clique began shipping heavily on their own account to get the heavy stock out of Chicago and squeeze the local shorts there. But the supply of hogs kept up, and the deal appears to have squeezed no one but its authors, who have killed the good export trade of last spring, because the public and Europe thought provisions must be fictitiously high if manipulation was required to put them up, when, in fact, prices are not high, and are not likely to go off much when left to themselves. The drought West has also affected beef unfavorably by hurrying range cattle prematurely to market and depressing prices.

This full explanation of our foreign commerce prospects has been made because upon it depend all other interests—namely, the stock market, the imports or exports of gold, and with them the money market and sterling exchange, which has already declined sharply on the large supply of commercial bills for the first time in a year. Also earnings of the railroads and steamship lines, the demand for new rolling stock and tonnage to move these crops, will make investors and manufacturers happy in better dividends, enable employ-

ers to share their increased profits with their employees, and thus check the strikes and labor troubles. It will stimulate the iron industries and advance the produce markets as well as railroad stocks later on, and start the whole commercial and financial, as well as industrial wheels of the country on the up grade, as similar conditions did in 1879, only with legitimate business in front and speculation and speculators behind this time, and not *vice versa* as then, when the speculative cart was placed before the business horse of the country and prevented the latter from guiding or controlling the cart which finally ran over the horse in 1881, when he was crushed in the shape of our export trade.

This diagnosis, therefore, shows the real situation of all our financial and commercial markets not only, but the outlook for business affairs of all kinds throughout the country.

Europe's loss is our gain, as in 1879, and her misfortune of short crops is our fortune; and so long as business is based upon the old school corner stone of political economy—human selfishness—so long Brother Jonathan cannot be blamed for profiting at Brother John's and Sister France's expense.

Labor troubles have not been an important factor the past month, as the decision in the Lake Shore case that, to obstruct a road carrying either the United States mails or bonded goods, is an offence against the general Government, seems to have stopped the railroad strikes, although they did break out with new vigor on the street car lines of this city. The Government bond calls have allayed the fear of serious stringency in money, together with the resumption of gold imports, following that in our wheat export trade, which is a good guarantee for both the money and exchange markets and the cessation of gold exports, which were heavier early in the summer, because the decline in silver in London had largely checked our exports of silver bullion. With Congress out of the way, good crops, good exports, active movement of both produce to the seaboard and manufactured goods and imports to the interior, and the employment of labor at better wages, as well as capital at 6 to 10 per cent., our troubles will disappear and good times begin.

Since the above was written peace in Europe seems more probable, because Russia backed down. The stock market rallied slight and grain declined a little on the fact.

DEATHS.

ADAMS.—On August 17, aged sixty-six years, JOHN H. ADAMS, President of Central National Bank, Wilmington, Del.

BROWN.—On August 5, aged forty-four years, J. M. BROWN, partner of the firm of A. H. Brown & Co., 66 Broadway, New York City.

ELLIOTT.—On July 9, aged thirty-three years, J. W. ELLIOTT, Cashier of Concho National Bank, San Angelo, Texas.

GUILD.—On July 27, aged sixty-two years, HENRY GUILD, President of People's National Bank, Boston, Mass.

MILLARD.—On August 18, at Saratoga, N. Y., EZRA MILLARD, President of the Commercial National Bank, Omaha, Neb.

TELFER.—On August 5, aged twenty-six years, T. A. TELFER, Manager of Bank of London, in Canada, Watford, Ont.

WILLIAMS.—On July 27, aged eighty-one years, ABIJAH WILLIAMS, President of Oneida National Bank, Utica, N. Y.

THE
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AND
Statistical Register.

VOLUME XLI.

OCTOBER, 1886.

No. 4.

RECENT BOND CALLS.

A little more than twenty-one years ago, the 31st of August, 1865, the debt, less cash in the Treasury, was \$2,756,431,571. Owing to the presence in the Treasury of certain "unavailable" cash items as now calculated the reduction in the twenty-one years is \$1,522,310,116, which is an average annual payment of \$72,409,960, or, in round numbers, of seventy-two and a half millions. How far this steady and rapid payment of the debt incurred in the war for the preservation of the Union, combined with the reduction of the interest rate and the increase of the population of the country, has affected the debt burden borne by our people can be best understood by comparing the *per capita* share of principal and interest for the two periods. In 1865 the debt amounted to \$78.25 *per capita*. Last year it amounted to only \$24.14. In 1865 the *per capita* portion of the annual interest charge was \$4.29. Last year it was but 83 cents. The ratio of the principal is now but two-thirds what it then was; that of the annual interest is but a little more than one-fifth.

This rapid reduction of the debt brings up two questions: First, how is the Government to reach the bonds, after the 3s are redeemed, before maturity? and secondly, what is to be substituted for the bank notes, which are fast disappearing, in consequence of the payment of the debt? Some have long maintained that the Government ought to buy the 4s, and the 4½s, even at a considerable premium, instead of redeeming all the 3s, for the reason that when the latter are gone, the Government, having no alter-

native, will be obliged to buy at exorbitant prices. This view is not wholly unassailable. In the first place, the Government can fix a price which it will pay for the bonds, but beyond which it will not go; and the question with the holder then will be whether it is desirable to keep or to sell them. If he is regarding his interest, as it may be supposed he will do, it does not follow that he will not sell if a favorable price be offered by the Government. So the advantage is by no means one-sided. The advantage of the Government is equal to the holder, and hence no danger need be apprehended in continuing the present policy of paying the 3s instead of changing and paying the other kinds.

Again, '91 is not far off, and when the 3s are paid, the maturity of the 4½s will be so near that the premium must be affected by the event, and the Government will, doubtless, be able to get hold of them at a fair price. Moreover, as they cannot all be paid at maturity, the Government is in a position to make several arrangements. One, for example, is, after paying all the 3s, to offer to the holders of the '91s to extend a portion of them for a fixed time—one, two, or three years—on the condition of having the privilege to call an equal amount one, two, or three years earlier. This is one way of getting some of these bonds without paying any premium. Other ways, doubtless, will be found when the time comes for wanting them for redemption.

With regard to the currency, very much may be said. Two things we think are pretty clear. First, that the people quite generally are opposed to any future system of circulation beside that which shall be furnished by the Government. The day has passed for granting to any corporation the privilege of issuing notes as money. This is not narrowed to our own country, but includes every other. The idea has been growing with the years that money is a Government affair, that it should be responsible therefor. However profitable it may be for a banking corporation to issue it, this is one of the things which it is clearly evident the people propose to put wholly within public management. As for the banks themselves, two opinions are entertained. Many of the banks cordially agree that for one reason and another it is not expedient to have bank-note money. The country banks, on the other hand, quite generally desire it, for the reason that, without it, it is not profitable to do business. These institutions it is certainly desirable for the community to have. If the privilege of bank-note issuing existed, the banks might be multiplied, and many communities could be accommodated with these institutions, which have none now, because without this privilege the profits would not be large enough to engage in the business. A good deal may be said on both sides of this question. The fact may be noted that banks are multiplying rapidly, while the privilege of note-issuing practically does not exist,

because Government bonds are so high that, of course, the banks cannot afford to buy them for the sake of the profit on the circulation which may be based thereon. We do not mean to assert that bank-note circulation should cease to be. We are simply expressing the fact, which most intelligent persons clearly recognize, that the trend of opinion all over the world is against the issuing of notes as money by bank institutions. If there is no money to be made in issuing them, then of course they do not want them. If there is any profit in it, then it is peculiarly a kind of profit which, it is maintained, should be made by the Government itself. Moreover, it is clear enough that the people of our country are not likely to sanction any paper monetary system by private corporations, either under National or State regulation, and they think so, not simply because of the imperfections that grew out of former experiments in bank-note issuing, but mainly for the reason above given, that it is one of those functions which, if exercised at all, should be exercised by the general Government.

It is stoutly maintained by many that the gold and silver now existing, and certificates issued against it, in addition to bank checks bills of exchange, and other instruments of credit, furnish all the means and machinery for effecting the exchanges and payments of the world without resorting to any kind of paper money. They would, moreover, redeem even the greenbacks, or at least remove the legal-tender function from them.

We do not see, as we mentioned last month, why notes might not be issued against silver for its full market value; for they would be worth just as much as gold if they were redeemable in silver at gold valuation. It is true if the silver were actually demanded there might be a slight inconvenience in getting it and making the calculations, but the demand for it would be very rare if it were known that it could at all times be had at a gold valuation. It would be wanted no oftener than gold is now wanted. The two kinds would be of equal value, and would circulate equally well, for aught we can see. It may be asked, as these notes would be worth just as much as gold-notes or certificates calling for gold, why limit the use of them simply to the amount of silver held by the Government? why not issue them for all the silver by whomsoever owned that might be brought to the Government in pledge for such notes? The answer obviously is, that the more of these notes issued, the less would be the value of silver, and therefore the Government, by opening the way for others to bring their silver and get certificates for it, would work against its own interests. It may be said, though, that the Government could afford to do this in the interest of the holders of silver. We shall not undertake to say whether the policy of doing this would be wise or unwise, but merely suggest it as one of the means of increasing our circulation.

Recurring now to the use of paper money, it seems clear that the constitutional amendment now pending, to restrict the legal-tender function of paper-money to war-time, is eminently wise, and, if passed, would remove the principal objection to further issues of paper money, inasmuch as it would then be quite impossible to issue more than the people desired, because if this were done the remedy would be in their hands to call for the instant redemption of the excess. If they were purely Treasury notes, circulating by the voluntary will of the people, deprived of their forced quality, the people would then fix the volume of circulation, whatever might be the action of Congress, even in their wildest moments, to exceed it.

THE APPRECIATION OF GOLD.

The trade depression in Europe as well as in this country has kindled a very wide discussion concerning its causes. In England, particularly, the causes generally ascribed are two-fold: the depreciation of silver and the appreciation of gold. Those who ascribe the depression chiefly to the latter cause do not put much stress on the other. How far these two causes have operated to produce this unwelcome event, it is not our purpose to discuss. What we do propose to do is to inquire whether the arguments and facts which are used to show that gold has appreciated, have any solid foundation. The principal upholders of gold appreciation in England are Messrs. Goschen and Giffen, and their principal contention is that the value of gold, like the value of everything else, depends on the demand and supply for it; that it is increased or appreciated, because the demand for it has been rapidly increasing of late years, far exceeding the supply. It will, of course, be admitted that there has been a very considerable demand for it by several leading nations, but, beside the supply and demand principle which regulates money, there is another hardly less important, namely, that of rapidity of circulation, and which, it seems to us, has been almost wholly left out of sight. We do not mean by rapidity the ordinary and narrower sense of the word, but its larger and broader one.

Let us inquire, in the first place, who has demanded this additional increase of gold. It will be answered that Italy has been a prominent demander, in order to get a sufficient supply to maintain specie payments on a gold basis. Germany also has been a considerable demander, while the Bank of France also has been accumulating a very large amount. It is also said that the banks in the United States have been drawing largely on the gold supply, while the Treasury of the Government is also among the com-

pany of gold demanders. Add to this the larger circulation of gold among our people, especially on the Western boundary, and we have one element in the problem pretty clearly before us.

The next question is, whence has this supply been drawn? The answer to this question is necessary, if we are to find out whether there has been any actual appreciation in the yellow metal or not. For example, if Italy wanted fifty millions, and it was taken from a supply which previously had not been in active use, can it be maintained that such a change or diversion of gold from one place to the other had any effect on its value? So, too of the accumulation of gold by the National banks. So far as it has taken the place of the legal-tender notes, formerly used as a representative, it can hardly have had any effect on prices, for the substitution has operated simply to put a money of one kind in place of another of equal value. We do not see, therefore, how this substitution of gold for legal tender notes could have had any effect on prices, because both before and since the volume of money remaining in circulation has been the same.

Moreover, the mode of getting the gold bears closely on this question of prices. For example, if Italy borrowed the gold it needed, simply giving its bonds therefor, this transaction did not, so far as Italy was immediately concerned, affect prices. If, instead of borrowing it, Italy had actually given commodities for the amount, and had been obliged to give a larger quantity of them to get the gold than it would have given if purchasing in smaller quantities over longer periods, then, indeed, it might be maintained that the transaction affected prices. But such was not the case. The gold was simply borrowed of some London bankers, and therefore, so far as the Italian markets were concerned, no possible change could be ascribed to this event. It may be that those who furnished the gold in England were obliged to pay more for it; in other words, to give a larger quantity of commodities; if that were so, then it is fair to say that the purchase of that gold affected prices. What, however, was the fact? These purchases were made very quietly. They extended over considerable periods. Some of them were made in this country, and the whole transaction was conducted so noiselessly that we think it would be difficult to prove that prices were in the least disturbed by these purchases for the Italian Government. It should not be forgotten in this connection that the gold of the world does not constitute a visible supply, like corn, wheat and cotton, the increase or diminution of which may be easily found out. Only a portion of the world's gold supply is visible—that existing in the banks, in the Government treasuries, and in other public places. But a very large portion, as we all know, is invisible, especially that which is in circulation; and it may be added, too, that in the Bank of Berlin,

Germany. Statisticians are constantly at war over the amount in the world, and the various estimates and guesses are very wide apart. Now, the drawing on this invisible supply has a very different effect on prices than if the amount and location of the gold were actually known. The syndicate who obtained the supply for Italy, as before remarked, picked it up in various ways and times. They did not go to the Bank of England or to the banks in New York, or to any other public deposit and draw directly from it, and thus make clear to the world that they were reducing the visible gold supply. We venture to say that if the Italian Government had kept the transaction a profound secret, and also the bankers who furnished the gold, until the transaction was ended, that the world would never have known that such a thing had been done, so far as any registration of the effect on the markets of the world. Not a single trace of the change would have appeared.

These imperfect hints clearly enough show that those who have been trying to prove that gold has appreciated, have worked out the problem in too light and hasty a manner. The problem is far more difficult and complex than they have imagined. The fact that more gold is wanted, and that the supply is lessening, is by no means an answer to the inquiry. What quantity of gold is hoarded? how long has it been hidden away? how have these hoards for ages affected prices? how have they been put into the market or withdrawn therefrom? These facts must be considered in thoroughly treating the question. After the Franco-German war ended and France made a great gold loan, it was drawn mainly from the stockings of the peasantry, where it had been slowly accumulating for a long period. No one dreamed of the existence of this hoard, and it was therefore a new supply to that existing before. Nor can we maintain that these hoards have now been fully unearthed and used. The probability is that there is a large amount of gold either unknown, or if in circulation, is moving very sluggishly from one person or place to another. A large amount of gold exists in circulation among European peoples, and also over here, and this for the most part is moving slowly and doing but very little work as compared with the money which is deposited in banks, and moving about by checks and clearing-house process. Probably the gold in circulation is moving more rapidly than previously, and is doing more work. Nevertheless, its capacity to affect exchanges has by no means been fully developed; and if gold should actually appreciate, if prices should become affected by reason of its scarcity, one of the certain results would be its more rapid circulation. The loss arising from scarcity would to some extent, if not fully, be made up by the larger use of the gold we have.

Finally, it may be added that the causes of the diminution of prices is one thing, the effect of larger supply in expanding them is

quite another. Whether gold has appreciated or not, it is very likely true that a larger supply of it, or, in other words, a larger supply of good money, would have the effect of quickening trade and reviving business; but this is, as we before remarked, quite another question, and should be kept distinct from the other.

BONDS OF OFFICIALS.

From time to time we have published cases relating to the neglect of banks to keep alive the bonds of officials. Again and again do cases arise of defective bonds, either because they were not properly given, or the time covered by them had expired, or the duty of the principal had changed, thereby relieving his sureties. The negligence of the directors of companies to attend to the taking and keeping of them alive is illustrated too frequently.

It is well known that if a paying-teller, for example, who has given his bond for the faithful performance of his duties, is promoted to cashier, that a new bond is required, and if it be not given and he prove a defaulter, the bank cannot look to the sureties on his bond for anything. The law is well enough settled on this point, and rightly so, for it is supposed that when the sureties sign, they have in mind the particular duty of paying-teller which is to be performed, and do not intend to obligate themselves to respond in the event of loss while he is acting in any other or higher capacity. Promotions are constantly going on among bank officials, and yet we fear that in many cases the giving of new bonds is quite forgotten, so that the officials are really acting without any bonds at all. Again it sometimes happens that banks are reorganized, but nothing is said or done in the way of giving new bonds; defalcations happen, and the directors then wipe their spectacles and inquire as to the whereabouts and ability of the bondsmen to respond, and learn when too late that none are legally holden. For one reason and another a great many bonds expire and become worthless, and in all cases through inattention. In view of the large number of defalcations that have happened within a few years through speculation and otherwise, the attention of the banks should be directed to this matter. There should be a general looking into the nature and validity of all official bonds, and we venture to say that if this were done many cases would be found in which bondsmen were dead, or the officers had been promoted without giving new ones, or the banks had been reorganized, and nothing had been done in the way of renewing or keeping alive the bonds required.

Another object we have in view in calling the attention of our readers to this matter is, that inasmuch as the principle is a good

one, why not extend it to the treasurers, and other moneyed officers of other corporations. The grievous defalcations in Lowell and Boston recently, must be in the minds of every one, and it would seem as though such officers should be required to give bonds quite as much as the cashiers and other officers of banking institutions. In every case there is danger. No official, however long or well he may have served, is wholly exempt amid the temptations of life. Companies have been formed, whose business it is to act as sureties on such obligations. The way, therefore, is easy to procure ample bonds, and the excuse therefore is less justifiable than it was when individuals hesitated to sign such instruments. Every person who is worth serving in a place of trust can to-day procure a good surety; and if he cannot, it is the best evidence in the world why he should not serve. We repeat, therefore, that the moneyed corporations should be more careful and circumspect in this matter, and require the giving of ampler bonds, and be more vigilant in the examination of them in order to preserve their vitality.

RAILROAD DISCRIMINATIONS.

We all know that the contentions of shippers against railroad companies for lower freights or different classifications, have often been made, not so much from necessity or injustice as to get an advantage over rivals in business. This truth of late has had a noteworthy illustration. For a long time dry goods jobbers in the West have been complaining that the rates for transporting freight to the West were too high and ought to be reduced. After several hearings the railroads concluded to amend their schedules, but in such a way, as to treat all shippers alike, whether sending one ton or a thousand. One consequence of the change is, that the retail dealers can now go to New York and buy their goods and have them shipped to Chicago or St. Louis at just the same rates as the jobbers can, and, therefore, as the jobbers immediately saw, the effect of the change would be to deprive them of their customers, to the obvious gain of the jobbers and commission-houses in New York. The latter are perfectly content over what has happened, because they do not care a fig to whom they sell goods, whether to the jobber or retailer. The consequence is, that after this prolonged and bitter fight, the Western jobbers, who started the demand for lower rates, while getting the concessions they wanted on the one hand, are sure to lose their business on the other. This result, of course, was entirely unexpected when the fight began, and simply shows that fighting, even in this day of general enlightenment, is a somewhat uncertain business, and the lesson obviously is that a person had better ex-

plore the ground as thoroughly as possible before beginning the contest. The jobbers say that under the old system, while the rates were too high, they obtained rebates, and thereby had the advantage over the retailers and kept them at home, while now this advantage is unexpectedly taken away.

One can hardly help smiling over this result of the change; the settlement, however, brings to light two or three matters of great moment. The first is, that this freight war, like many other wars, has been raging for a long time, not because the railroads were practicing any injustice, but simply to enable one class of men in business to gain an advantage over another, and this, in truth, is what many of these controversies mean. The outside public, not knowing or caring, or blinded to the true meaning of them, are led to suppose that the railroads are practicing extortions and committing great injustice, when in truth the shippers are simply trying to do what they accuse the carriers themselves of doing.

Another truth is, that it is useless for the railroad companies to attempt to equalize the advantages between persons engaged in different kinds of business, and between various places, by means of tariffs. If a rating be made favorable to Philadelphia to-day, it is a perfectly easy thing for the New York Central to make a rate equally favorable to New York to-morrow, and for the Baltimore and Ohio to do the same for Baltimore. It is, therefore, we repeat, a foolish thing for the railroads to attempt any longer to make tariffs that shall be especially favorable to places on their own line, to the injury of places on the lines of competing roads. It is foolish to assume that the manager of any of the great companies is smarter than the manager of any rival one, or that any company will long permit an advantage of this sort to remain unnoticed and uncorrected. The plain principle evidently is to make the same rates for all persons, regardless of quantities; to charge the same rates between places on competing lines, and then if disadvantages between one place and another arise, these must be corrected as best they can by the various parties affected. The one clear rule is for competing companies to treat all alike, and then let the competitors fight their own battles. If they are prepared to act on this principle well and good; if not, the other way is for the Government to appoint commissioners to make and execute regulations for the companies.

FINANCIAL FACTS AND OPINIONS.

The *United Ireland*, published at Dublin, and understood to be Mr. Parnell's organ, said, on the 22d of July, that "the judicial rents are becoming daily more impossible for the tenantry to pay, and more unbearable." This is not going farther than Mr. Smith, an old member of Parliament from Liverpool, said not many months ago at a public meeting in England, in which he declared that from the fall in prices, and especially of cattle, within the few years since the Irish judicial rents were fixed, they could not be paid out of the land, and could not be collected by any process whatever. He also declared his opinion to be, that things were going from bad to worse in respect to the prices of the things which the Irish must sell in order to pay rents. This is the economic difficulty to be dealt with. Gladstone proposed to solve it by capitalizing the rents at a rate which would foot up more than two hundred millions sterling, and pay off the landlords with British consols, for which Ireland was to be made responsible as the guarantor for Irish purchasers and tenants. Two hundred millions sterling is nominally only the equivalent of the five milliards of francs imposed as a war fine upon France by the victorious Germans, which astounded mankind by its magnitude. Really it is a good deal more, from the large rise which is admitted on all hands to have taken place in the value of money since 1871, when the Franco-German war terminated.

It is true that Mr. Gladstone only proposed to call in the first instance for fifty millions sterling towards the payment of the landlords. But, to complete the purchases, if all the landlords elected to sell, as they certainly would on the excessively liberal terms of his offer, would have required in the end, and within no long time, £214,000,000. That is the figure reached by very careful calculations made in the Loudon *Economist*, and upon sufficient data. Judicial rents have been established as to a large amount of lands in Ireland, and it is only necessary to assume that the same rate of rents will be fixed by the courts in respect to the other lands.

The first case of dooming a rich country like France to the punishment of paying the famous "Five Milliards" was sufficiently amazing, but the attempt to repeat it upon a thoroughly impoverished people like the Irish, with only one-seventh of the numbers of the French, lacks no conceivable feature of impossibility. There is nothing in the lands themselves, in the nature of any income to be obtained from them, to pay any approximation to

such a gigantic sum. The guarantee of its payment by the separate government proposed to be established in Ireland, would soon and inevitably be repudiated, and it is by no means certain that the credit of the British Empire, strong as it is, could bear the strain of an additional debt of £200,000,000.

It is a fortunate escape for Ireland that Mr. Gladstone's land purchase project has been rejected by the British people, and so decisively that Mr. Gladstone has himself now apparently abandoned it. That project had no elements of a real and permanent settlement of the land difficulty. With a little more patience the Irish will obtain their lands upon vastly better terms, and they must be vastly better in order to be practicable. Irish lands have been depressed in value by the course of events. The resulting losses to the owners have the proportions of a catastrophe, and they cannot be shifted off upon either the Irish people, or upon the already debt-burdened British Empire.

It appears from the statements of the Comptroller of the Currency that between May 6, 1885, and June 3, 1886, or in about thirteen months, the number of National banks increased 120, and their aggregate capital (including surplus and undivided profits) increased \$35,000,000, although during the same time their circulation diminished \$25,000,000. This experience tends to prove that the system has a vigorous vitality and also a capacity of expansion, independent altogether of circulation, and that the disappearance of the National banks is not among the possibilities until 1907, and not then, unless the 4s which mature at that date are all promptly paid off. The whole number of those in existence on the 1st of last October did not require more than \$80,000,000 of bonds to uphold their charters, if none of them held any excess above the minimum required by law, and the present tendency of all of them must now be to reduce their holdings to that minimum.

In most of the States, bankers have the choice between carrying on their business under either State laws or the national law. With their differing opinions their preferences will differ, but it may be regarded as certain that both classes of banks will increase with increasing wealth, population and exchanges.

Upon the whole, it does not seem that the calling of all the 3s and of the 4½s will affect the growth of the National banking system, and it will certainly not affect the profits of the system, as it is a question about which careful calculators disagree, whether there is now any profit at all in the circulation, taxed as it is, and with the high prices of government bonds.

What is affected by the continued calls of bonds is the reduction of National bank currency, and that is a matter which touches public interests, and not any special interest of the banks

themselves. It is certain that the country will not tolerate the idea of maintaining a public debt, for any such purpose as that of basing a note currency upon it. The continued steady liquidation of the public debt will and ought to go on, and it is for the leaders in finance to agree upon some other basis of currency, which is sound in itself and can also be made acceptable to those who exercise the legislative power. Until such a new basis can be devised, there are several possible expedients which will moderate the reduction of bank notes under the present system. One of them is, to increase the permitted issue of notes on the 4s and 4½s from 90 to 100 per cent. of the face of those bonds. Another is to propose to the holders of the 4s to exchange them for 2s, maturing at the same date of 1907, upon receiving in cash the fairly-calculated difference in the value of the bonds to be exchanged. Still another, not very hopeful, but still worth trying, is to offer to buy a moderate amount of the 4s at their market rate at the date of the offer. To whatever extent such an offer might be responded to, the rapidity and magnitude of calls for the 3s will be lessened.

The actual present production of wheat in India is a matter of great moment to our agricultural interests, and it seems now to be ascertained with a near approach to accuracy. The Revenue and Agricultural Department of the Indian Government has issued a return on the subject of as late a date as the 17th of last June, and as it has charge of the collection of the land taxes, it ought to be very reliable. The summing up is 27,392,742 acres growing wheat, and a production of 7,739,424 gross tons, which is equal to 288,938,163 bushels, 60 pounds to the bushel.

During April and May, the last reported months of this year, the officially stated wheat exports of Indian wheat were 5,462,419 cwts., or 10,196,515 bushels, 60 pounds to the bushel. During the two corresponding months of last year they were 3,368,082 cwts., or 6,287,087 bushels. The export of Indian wheat increased largely, notwithstanding the continued fall in its gold price in the markets to which it is sent. In the last week of July, 1886, the average price of wheat in the British markets was 31s. 3d. as compared with 33s. 11d. in the corresponding week in 1885. But from the fall in silver relatively to gold during the same period, the Indian producer obtained no less of the money he uses than he did in the previous year. From his point of view, there has been no fall in wheat, and he proceeded as before with its cultivation.

How much of the wheat produced in India may be exported depends upon its home price relatively to other food grains, and upon its price in the foreign markets. There is no general habit in India of consuming it. In a report made in May last upon the Punjab, and the same observations are doubtless true of other provinces, it is said :

It would be difficult to say how much of the wheat produced this year will be consumed locally, and how much will be available for export. The majority of agriculturists eat the inferior grains, and grow wheat only to sell. As a rule, only those who are fairly well off, whether of farmers or of dwellers in towns, eat wheat.

An unofficial report (Walker's private circular) of Indian wheat exports since May, makes the quantity in June, July, and the first three weeks in August, 15,140,000 bushels. That is probably short of the mark, as the same report underrates the export in April and May by 2,308,000 bushels.

A correspondent inquires if there is any necessary connection between a fall in the price of wheat in gold standard countries, and a fall in the gold price of silver. The connection is certainly not a necessary one, because it depends upon whether silver either maintains its purchasing power over wheat in silver standard countries, while its gold price is lowered, or loses purchasing power over wheat in such countries by a less per centage than that of the fall in its gold price. Thus far since the fall in the gold price of silver commencing in 1873-4, the evidence is conclusive that in silver standard countries, notably India, the purchasing power of silver over wheat has not been in any degree impaired. So long as that continues to be the case, with every fall in the gold price of silver, there must be a corresponding fall in the price of wheat in gold standard countries. The reason is the simple and plain one, that the owner of money kept at the gold standard, in proportion that he can buy silver with it at a lower rate, can buy wheat at a lower rate by first converting his money into silver.

But it is not among necessary and pre-ordained things, that silver must always maintain its purchasing power over wheat, or that its loss of that purchasing power may not be equal in degree to its own fall in price relatively to gold. It is certainly possible, and some persons think it is probable, that conditions may be so changed, that the depreciation of silver relatively to wheat in India may be as great as its depreciation relatively to gold in London and New York. If that shall happen, either fully or approximately, within no long time, the competition of India with our wheat-growers will be a short-lived mischief.

The question whether bonds no longer interest-bearing, because calls for them have matured, can still be held as security for bank circulation, is a proper one to be raised and decided, but there is no public interest involved in it, and the amount of bonds to which the question applies must always be insignificant. A past due bond, being a presently payable demand upon the United States Treasury, is a security for 90 per cent. of its face, which will not be distrusted by the holders of bank notes. Such bonds will not be

left by banks as a guaranty for circulation, except for very short periods, when they may be temporarily undecided about continuing their business, or as to the class of bonds they will purchase for the purpose of substitution. It is a close question whether they can afford to keep their circulation on bonds upon which they do receive interest, and they will not long keep it on bonds which yield no income.

During the last Indian fiscal year ending March 31, the net import of silver by India in its trade with all countries was \$56,287,311, at our coining rate. At its gold price, it was (say) 25 per cent. less, or \$42,215,483. This was much beyond the average of the yearly absorptions of silver by India. During the current fiscal year it will doubtless fall off, but there are no indications that it will go below the average. During April and May it amounted to \$6,625,830 at our coining rate, or to \$4,969,373 at its gold price.

The total income of lands in Great Britain during the year 1884-5, including both town and rural real estate, as officially estimated for the purpose of collecting the income tax, was \$325,175,000. As compared with the preceding year, this was a decrease of \$2,015,000. As compared with 1879-80, it was a decrease of \$22,550,000, and it is the opinion of the Commissioners of Revenue that when the applications for abatements are all acted upon, the decrease will prove to be \$26,325,000. Town rents have so far held up much better than agricultural rents, which have fallen heavily, and seem likely to continue to fall. Taking town and country property together, the percentage of fall since 1879-80 has not been so great as might have been expected from the subsequent protracted and severe depression, but it is the exact opposite of that advance by "leaps and bounds" between 1850 and 1870, over which Mr. Gladstone so exulted, and which he doubtless believed would continue forever.

The full-tender silver in Germany is estimated at \$120,000,000. It consists entirely of thaler pieces, and includes the Austrian thalers, which have circulated in Germany under the Monetary Convention of 1857, two of the parties to which were Prussia and Austria. The obligation of the present German Empire to maintain the circulation of these Austrian thalers, until it is ready to redeem them, has always been recognized.

The German Executive has full legal power to declare the demonetization of the remaining \$120,000,000 of thalers, first giving notice of its readiness to redeem them in gold, at a relative valuation of $15\frac{1}{2}$ to 1 between the two metals. But as the suspension of the buying up of the thaler dates from May, 1879, and has

continued a long time, Bismarck deemed it proper to announce a year or two ago that it would not be again resumed without consulting the German Parliament and taking their direction. In substance, the demonetization of silver in Germany was arrested at the point it had reached in May, 1879, and further steps will not be taken in it without a resolution of the legislative branch to that effect.

The policy of taking further steps is at present very little agitated in Germany, and is not at all likely to be, until there is some decided change for the better in monetary affairs in Europe. On the other hand, there are no existing indications that Germany is inclined to retrace any of the steps which it has already taken in the work of demonetizing silver. It seems to have settled down into the "expectant attitude" which France has tranquilly occupied during the past decade. As an illustration of the quietude of the German mind on the subject, it is stated that the Central Association of German Industries recently made inquiry as to the views of the associations which it represents, and that among twenty-seven replies twenty-one advised against any change in the situation of the coinages, and that of the remaining six one half advised a completion of the work of going to a standard exclusively of gold, while the other half advised the establishment of the double standard.

The plan is somewhat talked of in Germany of withdrawing the five mark (\$1.25) gold piece, which is too small to be convenient in use, and to increase the subsidiary silver to fifteen marks *per capita*. This would add rather more than \$30,000,000 to the subsidiary silver.

The accounts of the markets for dry goods in this country, given in the *Dry Goods Reporter*, and other organs of that interest, agree in saying that prices are no longer falling; that confidence exists in the maintenance of their present range; and that a rise is expected by many. Stocks are stated not to be large, and the consumption is believed to be now equal to the production. In respect to woolens, these views are strengthened by the expectation that they must rise in European markets, in response to the rise there in wools.

In respect to the European dry goods markets in general, the large increase in the amounts being sent here for sale, notwithstanding the low prices, confirms the accounts that there is no improvement in prices abroad. Until some new fact appears, the prospect of any such improvement in the near future is not flattering. The condition of labor in Europe has rarely been worse than it is now, and the consumption of everything not absolutely required to support life must be at a low ebb. At the same time, exports from Europe cannot be large to the non-commercial countries,

whose means of payment are crippled by the depressed prices of the staples which they produce. Most of those countries owe heavy debts in Europe, and it requires more and more of their staples, as they fall in price, to pay the interest on their debts.

EFFECTS OF LOWERED INTEREST RATES.

In the last number of this Magazine we referred to the fall in the rate of interest in this country, of which the general cause is the rapid increase of loanable capital, aided in recent years by the return to the loan market of a considerable part of the sums heretofore withdrawn from enterprise and production by being locked up in the bonds of the United States. We propose now to consider some of the effects of the fall in interest rates.

One of them will be a tendency to a rise in the capital, or selling price of real estate of all descriptions, productive and unproductive, and including structures and other improvements upon it. In respect to income-bearing real estate, it is obvious that the net income remaining the same, the selling price will rise precisely in the proportion that interest rates fall. When mortgage securities, individual or corporate, generally accepted as good, and yielding a net income of (say) three per cent. per annum, are saleable at par, productive real estate will be saleable at such prices that the net income will be three per cent. on them, or, as the English express it, real estate will be saleable at $33\frac{1}{3}$ years' purchase, when, if the rate of interest was five per cent., it would be saleable at only twenty years' purchase. It is not so obvious but is as certainly true, that unproductive real property will rise in selling price as interest falls. Such property, yielding no income, and being, besides that, subjected to annual tax charges, will be held only with an expectation of its appreciation at a future period, from the growth of timber upon it, or from the increase of wealth and population in the vicinity of it, or from some other circumstance. But what men can afford to pay, or will pay, to-day for property expected to be worth a certain price ten or twenty years hence, depends entirely upon the present current rate of interest, and upon what is expected to be the average current rate during the period of waiting for the result.

Another effect of a fall in interest will be to cheapen all forms of production—mining, agricultural and industrial—and to lower the cost of distributing products among consumers. Interest on the capital employed in production, whether furnished by the producer himself or borrowed by him, must be one of the items of cost in producing. In former times we have been accustomed to speak of

the lower rates of interest in Western Europe as being almost, if not quite, as great an advantage in favor of the European manufacturers as compared with our own, as their ability to obtain cheaper labor. It was, at any rate, an important advantage, but is now distinctly disappearing, which will be a gain for somebody—either to our manufacturers who can borrow needed capital at lower rates; to labor, by increasing its share of the profits of manufacturing; or to the purchaser of the thing produced by reducing its market price; or, what is more probable, it will be a gain divided among those three classes of persons in some proportion, not possible to be exactly foreseen, and which may vary at different times and under different circumstances.

Another effect of abundant capital and falling rates of interest will be to stimulate the erection of buildings, which, at even lowered rents, will pay as large an income as can be obtained upon any form of money security which is equally safe. The building trades are now, in nearly every city in this country, unusually active. In New York City the estimated cost of the buildings approved and authorized during the first half of 1886 was \$37,666,543, whereas it was only \$45,574,013 during the whole of 1885.

Another effect of falling rates of interest in this country will be to put an end to the negotiation of American securities on the other side of the Atlantic, and not only to do that, but to cause the steady return to this country of such securities negotiated in Europe in times past. It is of no consequence how much persons may differ as to the consequences of this effect of falling rates of interest in this country, or that some deprecate it while others rejoice over it. The international movement of securities is not influenced in the slightest degree by anybody's wishes or anybody's theories. It is determined by the relative prices of securities in different markets, which prices depend upon the relative rate of interest in different markets, subject to the qualification that at the same rate of interest in different markets, securities will sell higher at home than they will abroad. As the rate of interest in this country approaches more nearly to the rate in Europe, this market will be the best one for all newly-created securities, and nothing can prevent the return here of securities formerly created and now held elsewhere. One of the leading dailies of this city laid down, within three or four years, the broad doctrine that among the leading objects of American statesmen should be that of commanding foreign capital by the aid of our credit. If the wisdom of that is as indubitable as we believe the folly of it to be preposterous and transparent, it will not affect the actual result. There is nothing which American statesmen can do, or leave undone, to prevent our securities from going to the highest bidders. The bull side of Wall Street is never so happy as when it makes itself believe, or

makes others believe, that foreign investors are eagerly buying railroad bonds in the New York market. But what will happen in that respect will not be influenced by the consideration that it will please either the bull side or the bear side of Wall Street. With capital as abundant, and interest substantially as low in New York and Boston as it is in Europe, it will be on this side of the Atlantic, and not on the other, that the holding of American securities will tend irresistibly to be concentrated.

The London *Economist* stated a year or two ago that the accepted estimate of the American securities then owned in Europe was one thousand million dollars, yielding an average annual income of five per cent., or \$50,000,000. Whatever the amount then was, or is now, the process of purchasing those securities so as to bring them home, will tend to check the fall in the rates of interest in this country, by making what will be at any rate a very large outlet for the additions which are constantly being made to our loanable capital.

The average favorable balance of our foreign merchandise trade has been large enough during the last eight or ten years to admit of the purchase of considerable amounts of our securities held abroad. The favorable balance of the fiscal year just closed on the 30th of last June was below the average, having been only \$44,172,366. To that may certainly be added our net export during that year of \$11,753,929 of silver, inasmuch as the bullion and foreign coins of that metal, of which the export consisted, are not money in this country, not having the right of coinage. Our net export of gold during that year amounting to \$22,712,060 was an export of money, because all gold is convertible into money at the will of the holder. An export of gold from a country which produces it is, however, not an abnormal circumstance, and it counts as much in our foreign trade as any other product. With the net export of the two precious metals added to the favorable balance of our merchandise trade during the last fiscal year, the aggregate favorable balance was \$78,638,355. It is true that, in addition to interest and dividends, which we must pay on our bonds and stock held abroad, we have to provide for the payment of freights to foreign ships, and for the expenses of American travelers in Europe; but, on the other hand, a large amount of capital is brought to us by immigrants, and another large amount is invested here every year in mining, manufacturing and lands. The facts of the situation, taken together, indicate that the balance of the flow of securities was not outward, but inward, during the fiscal year just closed. This is made more probable by the well-known circumstance, that of the swollen imports of the year, an unusual proportion consisted of consignments of goods sent here to be sold at slaughter prices by needy and desperate European merchants and manufacturers.

RAILWAY FORECLOSURES.

The *Railway Age*, after observing that the foreclosure sales of railroads were much greater during 1885 than during 1884, says that it is still "more discouraging" to note the fact that such sales during the first half of 1886 covered 5,192 miles of road, with bonded debts of \$163,550,000, and stock capitals of \$128,070,000.

If the foreclosures of railroads were always attributable to their failure to yield income enough to pay interest on the money paid in, or borrowed and invested in such works, they would indicate either unfortunate miscalculations on the part of their projectors, or some extreme depression in business, which could not have been foreseen by careful and sagacious persons. But where such foreclosures have resulted, as has often been the case, not because roads have not paid reasonably well upon their actual cost, but because they were bonded for double and even treble all the real capital put into them, and because their stock capital was merely water, it cannot be necessarily inferred, either that the growth of the country has been arrested and its prosperity paralyzed, or that the calculations of their projectors have been unexpectedly baffled. Indeed, it is often well enough known that the promoters of such schemes most generally accomplish precisely what they started out to accomplish, which was, to put off upon confiding investors a mass of (so-called) securities and shares at a round profit to themselves.

The foreclosure of the over-capitalized roads is in no sense a bad symptom in respect to the business condition of the country. Furthermore, if the foreclosure of such roads was followed by their reorganization on a sound basis, cutting down their bonds and stock to the actual cost of the properties, and in no event allowing them to exceed their fair earning power, the consequences, instead of being injurious, would be positively beneficial.

In the conspicuous case of the Reading Railroad, while there is a difference of opinion, based upon a difference of interest, as to the manner of reorganizing it, and as to the particular combination of persons to whom the work of reorganization should be intrusted, all agree that a great element of mischief in the railroad world would be eliminated by a compulsory cutting down of its debts and shares to the point indicated by the net income which the property is now actually earning, and is reasonably likely to earn hereafter.

It is unfortunately true, however, that in many cases, perhaps in most cases, the reorganizations following the foreclosures of railroads, instead of correcting the original mischief, are so arranged

as to perpetuate it, and that nothing is accomplished except to put old frauds into new and fresh forms, so as to catch and victimize a second set of confiding investors. It is a matter of necessity in these reorganizations, to bring the fixed charges down approximately near to earning capacity. But while bonded debts must be reduced, or the rate of interest on them lowered, there is nothing to prevent the manipulators from trying to indemnify themselves by an enlargement of the stock, and they often indulge in that without any restraint or compunction whatever. Innumerable cases of that kind will occur to the reader, such as those of the Denver and Rio Grande, the Northern Pacific, etc. In the case of the reorganization of the last named company, after representing all possible claims by preferred stock, a *douceur* of \$50,000,000 of common stock, to represent the chances of making something out of nothing, was ladled out, for the purpose of making things happy and comfortable all around. The old adage of the schoolmen, and we will give it in English and not in dog Latin, that nothing can come from nothing, was true for many centuries, but has ceased to be true during the era of American railroad organizations, and reorganizations. A great many rich crops have grown since then, and with surprising rapidity, out of a soil of utter nothingness.

THE RELATION BETWEEN BANKS AND THEIR DEPOSITORS.*

A bank has no right to retain a depositor's balance to apply on an indebtedness which has not matured. "A lien," said Judge Folger (*Jordan v. Shoe and Leather Bank*, 74 N. Y., 1878, p. 473) "is a right of one to retain property in his possession belonging to another, until certain demands of him in possession are satisfied" (*Hammonds v. Barclay*, 2 East 227). But mere possession does not give the right. It must rise from contract or from operation of law, &c. After the paper discounted falls due and payable and remains unpaid, unless other rights have intervened, the bank may hold a balance of deposits and apply it towards the payment of the paper. But these deposits in a bank create between it and the depositor the relation of debtor and creditor. Now, a debtor in one sum has no lien upon it in his hands for the payment of a debt owned by him which has not yet matured; nor has a bank more than any other debtor. Both hold, as debtors, the moneys of their creditors, and may set up no claim to them not given by the law of set-off, counter-claim, recoupment, or kindred rules. (*Beck-*

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with *v. Union Bank*, 4 Sanf. 604, s. c. 9 N. Y., 211; *Giles v. Perkins*, 9 East 37).

PAYMENT OF DEPOSITS.

Partnership Deposits. With respect to partnership deposits several principles have been established. In England, Judge Bayley said in *Simson v. Ingham*, (2 Barn. & Cres., p. 72), "that where one of several partners dies, and the partnership is in debt, and the surviving partners continue their dealings with a particular creditor, and the latter joins the transactions of the old and the new firm in one entire account, then the payments made from time to time by the surviving parties must be applied to the old debt. In that case, it is to be presumed that all the parties have consented that it should be considered as one entire account, and that the death of one of the partners has produced no alteration whatever." In this case, at the time of the death of a partner in a country bank, it owed a considerable balance to a London banking house. The course of business was for the latter house to send to the other a monthly account of receipts and payments. In the month succeeding the death of the deceased partner, the London house received more than enough to pay the balance due from the other; on the other hand, it advanced on account of the country bank as much as it received. At first, the London bank entered in its books all receipts and payments after the death of the partner to the account of the old firm, but did not transmit any account to the country bankers until two months after that event. Then two accounts were sent, one of them containing the dealings of the old firm to the death of the partner, and the other all subsequent payments and receipts. It was held that the entries in the books of the London house did not effect a complete appropriation by it of the several payments to the old account, nor could they have this effect until knowledge of them had been communicated to the country house. The London house, therefore, notwithstanding the entries it had made, could apply the payments received subsequently to the death of the partner to the new firm. (Holroyd J., who concurred, citing *Cox v. Troy*, 5 Barn. & Ald., 474.)

If one of two partners carries on business in his own name and deposits the moneys of the partnership in his individual name, they belong to the partnership, and the other partner has the right to change the account during the life of the depositing partner, have the money placed to the credit of the partnership, and after his death, to check it out as surviving partner. As a surviving partner has the right to use the partnership name for the transaction of partnership business, a check drawn on a bank by him either in the partnership name, or in his own name as surviving partner, will protect the bank that pays it. (*Commercial National Bank v. Proctor*, 98 Ill. 588; *Backhouse v. Charlton*, 8 Ch. Dec. 444.)

A bank cannot apply the deposits of a new partnership to pay the overdraft of an old one, if notice of the change has been given, and also that future deposits are to be used in paying the checks of the new partnership. (*Richardson v. International Bank*, 11 Ill., app. 582.)

Moreover, money deposited in the name of a firm cannot be drawn out on the check of an individual partner. If a bank should pay such a check from the firm deposit, it could justify itself only by showing that the money thus drawn was applied to the use of the firm. A partner did once draw from a bank on his individual check, partnership money, saying at the time that the form of the check was a mistake, that the money was drawn on joint account, and directing the bank to pay it and similar ones which he might draw thereafter. The bank was declared to be without excuse in paying such a check. (*Coote v. Bank of U. S.*, 3 Cranch C. Ct. 50.)

In England, more cases have arisen of this nature than in our own country. They are all given by Mr. Grant. In the absence of a special agreement fixing the mode of drawing checks on the partnership fund, the depositary must honor checks not post-dated drawn in the partnership name, but not otherwise. (*Forster v. Mackreth*, L. R., 2 Ex. 163; *Kirk v. Blurton*, 9 M. & W. 284; *Emly v. Lye*, 15 East, 7; *Nicholson v. Ricketts*, 29 L. J. 2 B. 55.)

If the name of a firm is inaccurately stated, a bank ought not to cash such a check without inquiry, unless the inaccuracy is habitual, or an agreement exists to honor checks thus drawn. (*Kirk v. Blurton*, 9 M. & W. 284; *Bowden v. Howell*, 3 M. & G., 641; *Wintle v. Crowther*, 1 C. J., 310.)

When a partnership account is kept at a bank, each partner having the right to draw thereon, and also individual accounts, it is not the province of the depositary to inquire into the propriety of the transfer of money from one account to another. (*Backhouse v. Charlton*, 8 Ch. Dec. 444.)

If an account is opened with a bank by one of two partners in his own name, this is not conclusive to show that the account was opened in his own behalf. The bank can prove that it was acting as the agent of the partnership, and that the account was theirs. The mere circumstance, however, that the money deposited belonged to the partnership is not sufficient for this purpose. (*Cooke v. Seeley*, 2 Ex., 745.)

A partner has no implied authority to open a banking account on behalf of the firm in his own name. (*Alliance Bank v. Kearsley*, Law Rep., 6 C. P. 433, s. c. 40, Law Jour. C. P. 249.) And a new partner cannot transfer a part of the assets of the old firm to his individual account without their authority. (*Ex parte Hanson*, 18 Ves. 231.)

The following case has occurred in Minnesota: Smith & Huntley were partners, and kept a deposit account with a bank. Huntley owed Davis a debt, who drew on him and sent the draft for collection to the bank where Smith and Huntley kept their account. The drawee paid part of the draft from his private funds, and the bank the remainder by Huntley's direction, and charged the same to the firm account. It was decided that the money thus paid by the bank was its own, that neither the firm nor Smith could recover it from Davis, whether Huntley had authority from the firm to direct the payment and charge the amount to the firm's account or not. (*Davis v. Smith*, 29 Minn., 201.)

When a check is presented by a messenger or agent of the owner or drawer for payment, what prudence shall the depository exercise with respect to paying it? The treasurer of a manufacturing company sent a check by a messenger to a bank in a neighboring city in which it kept an account. The check was endorsed to the order of the cashier. The treasurer, knowing that the messenger was not trustworthy, enclosed the check in a sealed envelope with a deposit ticket. The messenger, however, broke open the envelope and presented the check to the teller of the bank, saying that the treasurer wished him to get the amount in currency to pay the company's hands. The teller called the cashier, showed him the check, and told him that the messenger wanted the money therefor. The cashier asked him who he was, and having replied that he was the brother of the treasurer, whose strong personal resemblance was recognized, the cashier directed the teller to give him the money. The messenger after receiving it disappeared. The company sued the bank for the amount of the check and recovered. One reason why the Court decided against the bank was because the check was drawn on another bank. It was found by the Court, said Judge Loomis, "that the payment of the money on a check endorsed like this was not the ordinary way of using such checks as between banks and persons having deposit accounts with them, but that the regular course was for the banks to credit the checks to the account of the other party, who obtained the avails by drawing their own checks on the bank." And it was further found that such was the uniform practice and course of dealing between the parties to this suit prior to the transaction in question. (*Bristol Knife Co. v. First Nat. Bank*, 41 Conn. 421.)

The case was a very close one, and two of the five judges comprising the Court dissented. The remarks of the Court on the principal question are worth giving. "Had the messenger who delivered the check at the bank authority from the plaintiffs to receive the money thereon? It is conceded that there was no authority, in fact. The only authority of the messenger, in fact,

was to deliver to the bank the sealed envelope containing the check and deposit ticket, have the check credited to the plaintiffs, and get the bank book. He was not in any sense a general agent; he had never done any business for the plaintiffs of any kind, and was an entire stranger to the officers of the bank.

"He was only a special agent, and that, too, of exceedingly limited authority. And here the familiar and elementary rule of law applies, 'that an agent constituted for a particular purpose, and under a limited power, cannot bind his principal if he exceeds that power. Whoever deals with an agent constituted for a special purpose, deals at his peril when the agent passes the precise limits of his power.'

"We would not, however, adhere so closely to the literal terms of this rule as to do injustice to innocent third parties, who have acted on the confidence of an apparent authority, for which the principal is justly responsible. But, in order to bind the principal, he must, by his words or acts, have fully authorized the third party to believe that the agent had authority, and, in applying this rule to business transactions, care must be used to distinguish clearly between the act of the principal and the mere act of the agent. If the agent by his act assumes an appearance of authority which induces a third party to believe he has, in fact, authority, it is not sufficient. It is the principal's own act only that gives to the agent an appearance of which becomes binding on him."

When money is deposited by A in his own name belonging to B, in order to prevent B's creditors from getting it, what is the duty of the bank if they attempt to recover the deposit? In New York a person named Greenleaf obtained an attachment against the property of Mumford, which the sheriff attempted to satisfy by levying on money deposited in the Nassau Bank. It had been deposited in the name of Oakey, who had drawn checks against it to his own order, which had been certified and left unindorsed in the bank. Both Oakey and the bank at first denied that the money was Mumford's property, or subject to the attachment. The justice before whom the case was first tried held that the money was deposited for Mumford and belonged to him, and that the drawing and certifying of the checks was a device for screening the money from Mumford's creditors, and to defeat the levy of the sheriff. The Supreme Court at General Term reversed the decision, declaring that, however fraudulent the transaction between Mumford and Oakey might be, Greenleaf could only attach the fund as a debt of the bank to Mumford, while the facts showed that "the debt arising from the deposit in the bank by Oakey and the credit given by the bank to Oakey was a debt of the bank's to Oakey, and not a debt of the bank's to Mumford." (*Greenleaf v. Mumford*, 50 Barb., 543.)

It should be noted that the Court did not assert that the money was beyond the reach of any process by Mumford's creditors. The Court simply decided that the sheriff could not maintain his action. It may be added that the opinion expressed the minds of two judges, while the third judge dissented. The previous year, in another case the same Court, though composed of other judges, had said that "it appears to be wholly unnecessary and without authority that an action to collect, protect or remove obstructions to the collection of intangible assets, should be prosecuted in the name of the creditor. The sheriff, or the creditor in his name, can maintain every necessary action to collect the debts due to the defendant in the attachment, and for that purpose can make fraudulent assignees and claimants of such debts parties to the action, and thus overcome fraudulent transfers and obstructions." (*Mechanics and Traders' Bank v. Dakin*, 50 Barb., p. 593.) Clearly justice is more likely to be satisfied by endowing the officers of the law who collect judgments with the broader authority which they are declared to have by the court in the latter case. In any event, as the controversy is not over, the rights of creditors to reach money fraudulently deposited in order to keep it from them, but only over the way or remedy for reaching it, the prudent course for a bank is not to pay until the question of ownership is authoritatively settled. (See also *Kelly v. Lane*, 42 Barb., 594; *Lawrence v. Bank of the Republic*, 35 N. Y. 320; *Mechanics and Traders' Bank v. Dakin*, 28 How. Pr., 502.)

When a person gets a credit from a bank for a specified amount and purpose, it is under no obligation to pay a larger amount by reason of the drawer's using a portion of his money for a purpose foreign to that mentioned. In a case involving this principle it was declared that no privity existed between a bank and the persons for whom the money was intended when the credit was given whereby they could recover on checks given by the borrower in excess of the amount loaned. (*First National Bank of Chicago v. Pettit*, 41 Ill. 492.) But when a bank promised to pay A.'s checks for a cargo of corn, and this fact was told to the seller, and he, relying on the fulfillment of the promise, sold the corn and took A.'s check therefor, the bank was required to pay it. (*Nelson v. First National Bank*, 48 Ill. 36.) The difference, said the Court, between this and the former case was that the promise of the bank to pay the check drawn by the purchaser of the cargo of corn, Allen, was communicated to Nelson, the seller, both by Allen and by one of the bank directors; and Nelson's partner, who sold the corn, testified that he knew Allen was not pecuniarily responsible, and that he took his check solely on the credit given by the promise of the bank to pay. If Nelson "had sold his corn merely on Allen's credit, and without any knowledge

that the bank had undertaken to pay his checks, there would be no ground for holding it liable on its promise."

The giving of a certified check by a depositor which is outstanding in the possession of the drawer, does not so change the ownership of the deposit as to exempt it from attachment. The liability of a bank in such a case to hold the deposit subject to the attachment lien can be removed only by showing that the check was made in good faith and that the deposit was paid to a *bona fide* holder, or that the check is in the possession of such holder. When the funds of a depositor have been attached the bank has an active duty to perform in the matter and cannot escape liability when, by inaction, it allows the attached fund to be removed from its possession.

The case of *Gibson v. National Park Bank of New York*, in which the foregoing principles were stated, is worth describing. Prior to April, 1875, a railroad company had a deposit account with the bank. The deposits were made by an Officer, Rodney, whose official position was known by the bank. On the day above mentioned, the company, through this official, drew a check for the amount of its balance, which was certified by the bank, charged to the company, and the check was delivered to Rodney. On the 30th of April, an attachment against the company was served on the bank by delivery of a copy of the document and proper notice. The check was then in Rodney's possession and was owned by the company. Shortly after the attachment was made, Rodney opened an account with the bank in his own name and deposited the check described and other securities belonging to the company. The bank had reason for believing that the securities belonged to the company, that they were to be applied in payment of its debts, and they were in truth, applied in this manner. The bank was declared liable to the person who attached them. The court said: "when the officers of this bank had notice of the service of the attachment, it was their duty to take immediate steps to impound the funds in their hands, and prevent their payment by any of its agents, except to a *bona fide* holder of its obligations. It cannot shield itself from liability by alleging the ignorance of the agent making the payment while other agents having authority and owing a duty to act in the premises had knowledge of the facts which made such payment a violation of duty on the part of the corporation. The circumstances certainly raised a presumption of knowledge in the bank which required explanation on their behalf. It was, therefore, quite significant that no officer of the bank was produced to testify his ignorance of the fact that these securities belonged to the railroad company, or that the bank supposed it was paying them in good faith to a *bona fide* holder when they gave Rodney an individual credit for them. The facts

relating to the point in dispute being peculiarly within the knowledge of the defendant, the presumption arising from their omission to furnish such goes strongly to support the finding of the referee [which was 'that the bank had reason to and did believe when the deposit was made, that the funds composing it were the property of the railroad corporation.'] That the the defendant had notice of the purpose for which this deposit was transferred was properly found by the referee as a natural inference from the knowledge which it had of the embarrassment of the railroad company, their acknowledged desire to avoid the service of an attachment upon their funds and the previous efforts of the creditors to reach them by legal process." (*Gibson v. National Park Bank*, 98 N. Y. 87, same case, 89 N. Y. 343.)

In Illinois as a check drawn on a bank operates as an assignment of the amount stated therein, it follows that a check drawn by an attachment debtor before the service of such process, though not presented for payment until afterward, should be paid by the bank on which it is drawn. (*Nat. Bank of America v. Indiana Banking Co.*, 2 Northeastern Rep., p. 401.) So, too, when a note payable to an attachment debtor was discounted by a bank before the service of an attachment process, and the note fell due afterward, it was held that the bank had no right to pay the note from the debtor's funds at his request without presenting the note to the maker for payment, and that the judgment against the bank should include the amount paid. (*Ib.*)

In a case in Maryland, Nicholson was in the habit of purchasing and advancing money on drafts drawn by Delcher. Sometimes the money was paid to Delcher, at other times he left it with Nicholson, the latter agreeing to hold it for the use of persons named by Delcher, and to be paid to them on the presentation of his checks. Delcher having been sued, an attachment was served on Nicholson by Delcher's creditor. After the service of the attachment, Delcher continued to leave money with Nicholson as before, and which was paid by him to the persons named by Delcher in his checks. The question was, whether the money deposited by Delcher with Nicholson was liable to attachment at the instance of Delcher's creditors; and the court held that in Maryland the attachment secured not only the property of Delcher in the hands of Nicholson at the time it was laid, but also such other property belonging to Delcher as came into Nicholson's hands at any time before trial and judgment. (*Nicholson v. Crook* 56 Md., 55; *First Nat. Bank v. Jagers*, 31 Md., 38; *Farmers and Merchants' Bank v. Franklin Bank*, 31 Md., 404.) "We take the law to be well settled," said the Court, "that where money is deposited by A with B for the use of C, the right of C to the money is not complete until C has in some manner recognized or

assented to the deposit, or unless there is a privity of contract of some kind between B and C. Until such assent or privity of contract the money is subject to the control of A, and therefore liable to attachment at the instance of his creditors." (*Kelly v. Roberts*, 40 N. Y., 432; *Brown v. Foster*, 4 Cushing, 214; *Baker v. Moody*, 1 Ala., 315; *Briggs v. Black*, 18 Missouri, 281; *People v. Johnson*, 14 Ill., 342.) The money, therefore, deposited by Delcher with Nicholson after the attachment belonged to him; it was in his power, at any time before the assent of the parties to the deposit, to revoke the terms on which it was made, and Nicholson was obliged to pay over the same on the attachment process.

A person in Massachusetts obtained money of S and deposited it in a bank in his own name. On the same day, however, he drew out his deposit in bills of the bank, and subsequently deposited them or other bills of the same bank in his own name as before. S sought to recover the money, but the Court held that it belonged to a person who had attached it after the borrower had made the second deposit. (*Fuller v. Randall*, 1 Gray, 608.)

ALBERT S. BOLLES.

[TO BE CONTINUED.]

THE THREATENED GOLD PREMIUM.

[While not assenting to many of the views expressed in this paper, we print it because it is the production of a candid and intelligent writer who, in our judgment, is entitled to a hearing.—ED. BANKER'S MAGAZINE.]

It seems gold is going abroad, and prophecy of evil in consequence comes from the money centers. The precise form of that evil, and just who will be hurt by it, or what interest jeopardized, and how, remains a profound mystery to one student of the subject. Moneyed men, say these organs of opinion, view it "with alarm," with "distrust," apprehension," and other shadowy forebodings; but no one deigns to give body or definite shape to this ogreish Wall Street specter. It therefore seems to me opportune to discuss the grounds of this fear, and to point out that, while the present situation and the future prospect are gloomy enough, a gold premium is our only salvation, unless, indeed, some policy is adopted to bring gold down to its old-time relation to commodities.

Gold going out shows that it is worth more—will buy more goods abroad than here; that prices are lower there, which means that prices here must go still lower than they now are. How lowering prices hurt, it needs no elucidation of mine to show.

This spontaneous ebb and flow of bullion is the natural instrumentality for equilibrating prices. When money goes out of the

country, it operates on both sides to bring about an international level, just like taking a weight from one end of the scale beam and putting it on the other. By increasing the volume of money there, prices rise, by lessening the volume here, prices fall, till the equilibrium, perpetually disturbed by local excess and scarcity, is restored.

This automatic regulation of prices by means of an elastic money volume is the central principle of all monetary science, as indeed it is of the whole science of commerce; for the process that is all the time going on to bring prices of goods to a common level is the identical process that distributes to every country and section its appropriate share of the common money, and holds it to a common value all over the intercommunicating countries that are on a metallic or intrinsic standard. For let it be carefully noted that the equalization of *prices* of goods is only one side or aspect of a fact which is quite as accurately, and, for this discussion, more usefully described as equalizing the *value of money*. But whether described from one aspect or the other, the real and melancholy significance of gold going abroad, lies in the fact that our already distressingly depressed general range of prices must go still lower, following the European depression.

The complaint often heard against excessive production, and the implied notion that limitation or waiting till the excess is consumed is the only cure for low prices, is a childish quarrel with all industrial progress. My inventive genius cannot picture a better realization of all that the word *Civilization* implies than the very condition of abundance, which is popularly believed to be the cause of all our woe. Besides, all the economists agree that a condition of universal over-supply of all useful and desirable products of human labor never did, never will, and never can happen, for the *supply* of products in general *constitutes the demand* for each particular product, and if the exchanging process has been obstructed and checked in the midst of general plenty of goods, you may be sure there is scarcity in that particular commodity into which all goods must be converted as the first step of the exchanging of one commodity for another; and that particular commodity is money—for I am not now talking of secondary or merely representative money, but of metallic international money—in that primary bottom office it has, by virtue of being a product, and having a purely commodity character.

Money, considered in its function of furnishing a numerical scale on which to indicate the exchanging rates of different commodities, may easily consist of a mere word—may be purely ideal, numerical. Considered in its service as a mere medium of exchange of goods, where the element of time does not enter, money may consist of mere symbols, signs, tickets, checks,

or other representatives. The chief source of error in current discussion of the money question is, in attaching undue consequence to these two, important indeed, but still subordinate functions of money, and ignoring the third more fundamental office of intrinsic money, that, namely, where the element of time enters, and it becomes the Standard of deferred payment. It is in this third function that money, all well enough for the other purposes, may become false and treacherous or prove true and equitable; may change the effective meaning of outstanding contracts, disappoint expectations, and become a snare to enterprise that trusts to its behavior.

Manifestly something has happened whereby the quantity relation, and per consequence, the swapping rate of money with goods has greatly changed in favor of money, so that a dollar, considered as a purchasing power, has become enlarged. We could hardly find a better and more thoroughly representative food staple than wheat. Formerly, at the great commercial centers, the market relation or swapping rate of money to wheat was one dollar for one bushel, and the wheat value of a dollar was oftener under than over one bushel. The wheat value of a dollar is now five pecks and the clear indications are that before the year ends it will be six pecks. A still greater increase has taken place in the cotton value and petroleum value of money—in short, in the general commodity value of money.

Let it be conceded that this change in the market relation has been caused by increase of goods; it must yet be admitted, if there were a corresponding increase in money that change could not occur. These people who so eagerly proffer plethora of goods as the cause of low prices, forget that a swapping rate is not determined by the quantity of one term alone, but by the ratio between them both. Increase of goods can never lower price, if money increased proportionately. If, then, the money volume has been arbitrarily restricted, it is plain that legislation has turned the natural beneficence of plenty into a curse.

As before intimated, in all transactions where there is quick conversion and reconversion, where the element of time does not enter, it is of little consequence how money is constituted—a token, a ticket, or any other symbol will do well enough. In that office of money it does not matter at all if the word or token which is the money unit means much or little of goods—stands for a quantity of goods vastly greater or much less than the same word stood for in years past, or will stand for in years to come. It is enough that commodities shall have become adjusted among themselves at the moment on that scale, and the transaction is closed up before there is any time for a change. But the mischief is, all the great business operations characteristic of high civilizations involve the ele-

ment of time as a chief factor. The past, present and future are interlaced by a net-work of complex business relations, contract obligation and expectations that are never completely closed; so that not fixity of legal definition merely, but a legal constitution of a standard, having reference to economic forces that guarantee *uniformity of swapping rate with goods* becomes the cynosure of statesmanship.

It lies upon the surface, and is on everybody's lips, that prices are low, and low prices, and low prices alone, constitute hard times. It is never the market relation or exchanging rate between one kind of goods and another, but always between money on one side and all goods on the other that hurts, aggravated by the expectation that prices will go still lower. A conclusive evidence that such is now the general expectation is found in the low loaning rate of money. A condition in the wheat market where one could borrow a thousand bushels for a year at the low rate of two per cent. would evidence the confident expectation of short supply next year as compared to this; whereas if I were compelled to return twelve hundred bushels for the loan of a thousand one year, *i. e.*, pay 20 per cent. for the loan, it would indicate an expectation of a greater plenty, and, per consequence, more easily purchasable wheat next year than this; but neither the high nor the low loaning rate of wheat would in the slightest degree indicate the present *value* of wheat. Compatibly with either of those rates, the money value of wheat might be 50 cents or \$5 a bushel.

There is no cure for industrial distress but improved prices, and there can be no general and permanent improvement in prices except by increase of intrinsic money. Exhortation and sympathy as economic forces are contemptible, for a man is simply a business fool if he does not make his money go as far as he can in the market, and wait for prices to get the lowest before putting in his stock. Combinations and limitation of production to raise prices can never give general relief, and so far as they are effective at all, are partial, unjust, mischievous, and oppressive.

It is an error of diagnosis to call the present trouble a contest between labor and capital, or between rich and poor, or between consumer and producer, or that strikes have materially caused it. It is simply and solely a question of prices, a disturbance of the normal and natural market relations between money on one side and all other valuable things on the other. I say "market relation," because people will freely admit the fact I described and deprecate, under the designation of "changed market relation" or "swapping rate," who will deny it under the more accurate description of "increase in the *value* of money." But the *fact*, under any wording of it, points clearly to the only remedy—a restoration of the normal quantity relation—points irrefutably to the conclusion that the mis-

chief has all come from bad legislation and is easily cured by legislation, and consists exactly in making the stone the builders rejected the head and chief corner stone—in other words, free coinage of standard dollars. With unlimited coinage the quantity of money would follow the same economic forces and law of increase, as controls the production of goods, and be amenable in the same way to the stimulus of increasing demand, improved machinery, better social order, and facilities of transportation—in short, all the familiar agencies of our rapidly advancing civilization.

That a dollar constituted upon the "intrinsic" value of silver, would be normal to commodities, needs no argument to show. What is called "the fall of silver," can be clearly shown to be not at all a diminution of its swapping rate with products generally. Whenever I hear it said, "silver has taken another tumble," I know for sure the great staples for food and clothing have had a "tumble" too, and intenser gloom has settled on all wealth-producing activity. Only the manufacturers of "corners" in money, those who are "long" in dollars, rejoice. My triumphant contention is, that a legal constitution of "dollars," such that it becomes the market equivalent of five pecks of wheat, and must go on to be equal to six pecks, will create an inequitable money in relation to all the past, which is industrial strangulation. Such an economic result achieved by concerted money legislation of Europe and America is a "corner" on a gigantic scale, upon the very instrument of all business, and a conspiracy against civilization itself.

Money brokers do not make up one in a thousand of our population. Exchanging and exchangeability of ours into foreign money does not constitute in quantity or essential importance one ten-thousandth part of the beneficent uses of money; and yet the money brokers view and his conveniences of bookkeeping and the exigencies of his foreign "par of exchange" controls our legislation and governmental policy, while the derangement in the normal "par of exchange" between money on one side and all goods and services on the other has brought gloom into every hamlet, shop and factory in the whole land.

A money that can be converted into goods and property generally and in any indefinite afterwards reconverted into money without material loss to either side is the ideally perfect money. A silver dollar (or its paper representative) each of which under free coinage would be restored to the "intrinsic" value, *i. e.*, the commercial equivalents of $412\frac{1}{2}$ grs. silver, $\frac{9}{16}$ fine, would recover normal prices—wheat four pecks to the dollar instead of five, and all commodities at prices increased 25 per cent. That would be a "money-making operation" inuring to the common benefit, and especially to all wealth-creating industry; even if the Dutchman, as alarmists predict, should compel the Yankee to give up to him every gold dollar in the country for

"80 cents worth of silver" each. What the times need is a restoration of general prices to what is customary and normal to the past—say of 1860—and such a constitution of money as will give assurance of their continuance. Unlimited coinage, the "alternate" standard or "practical" silver standard with gold "standing guard" at 16:1 would effect that restoration, and render it impossible for prices to fall materially below those of 1860. We could well afford to let Europe have our gold if only healthy prices, come to stay, could be had. Yes! I am weighing my words, hating exaggeration as a form of profanity, when I say that the direct effect upon our industrial health, our increased production within the period of one short year of the silver standard would more than compensate us for the gift outright to Europe of all the gold hoarded in our vaults, public and private.

"Inflation," "depreciated dollars," "fictitious values," "nominal wealth," etc., are all foolish words against the truth of my propositions. There never was and never can be inflation of intrinsic primary money—not in the obnoxious sense of the term. That word has no legitimate application except to paper promises and other forms of secondary and representative money. A dollar that will swap for a bushel of wheat is *not* a "depreciated" dollar by any honest reference, whatever relation it may have to another money that has been pampered into an abnormal and oppressive *appreciation* by bad legislation. The value of a silver dollar is *not* a "fictitious value," nor a false "dollar worth," or at least will not be, when the "twenty cents fiat"—more properly described the extra peck of wheat—shall have been sloughed off by free coinage; nor will the estimation of all goods and property by the standard of silver constitute in any sense a fictitious or merely nominal valuation, but will be a more solid and uniform valuation than that which now suffocates the productive energies of Europe and America.

I must not presume upon precious space to discuss the, to my view, subordinate and trifling question of the effect of the silver standard here upon the market relation of the two metals. It must suffice for me to say that, with incidental and trifling evils, the great and over-shadowing beneficence to this country of the silver standard is entirely compatible with a gold premium, the higher the better, could we only shut our ears to the distress of industrial Europe. But every tyro knows we could not for long monopolize to ourselves the benefit of the increase of metallic money. No one whose opinion is worth a farthing will predict that such a measure would *not* recover a market relation of 16:1 between the two metals.

It is certain it would go far towards that recovery, and what it lacked would very accurately indicate the excess of benefit to

us over Europe the measure would bring. But, as already remarked, and it cannot be too much insisted on, the market relation of the two metals, or the two moneys, constituted respectively on one or the other, or on both, as a standard, becomes contemptible in the presence of the over-shadowing importance of the market relation between money and goods. The silver dollar unlimited must give us, and after us Europe, permanently improved prices. International balancing, the free outflow and influx of bullion, regulating and equalizing international prices, money distribution, and consequent money value, would all go on just as effectively and beneficently if Europe adheres to her single standard; for the fluctuation in the market relation of the two metals the last 15 years is easily shown to be a defection in the gold standard as hurtful to industrial and productive Europe as to us. In the habitual estimation of products in terms of silver, confirmed by the usage of 50 centuries in Asia, and her unlimited capacity to absorb that metal, we have a guaranty of stability of value, which no manipulation or increase of productive power can materially affect. The silver dollar is the legal unit of our country from the first, and, unlimited, will be the more normal and stable, money as estimated in commodities, which is the only true, equitable and fair estimation for money.

E. D. STARK.

COMMERCIAL EXCHANGES.*

CHAPTER VIII.

AMERICAN STOCK EXCHANGE METHODS.

The Stock Exchange is a many-sided institution. It is a thing of more than ordinary interest to many people. To some, like board-ing-house hash, it is a mystery. To a few it acts like a magic loadstone upon their brain and pocket-book. There are some to whom it appears a shrouded phantom, a dismal sepulcher of lost fortunes. To its members it is the busy workshop wherein trades-men meet with whetted scythes, sharpened chisels and well-set saws of daring, to test each other's ingenuity and skill for speculation.

Some there are who denounce this place as a vast machine for gambling operations; a legalized gaming house; an institution of deceit and demoralization; an association for enriching its members at the expense of unsuspecting dupes, and over-ambitious speculators. They know it only as a place of "bulls" and "bears," of "jobs" and corruption.

Then there are others who believe the concern as legitimate as

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any other association for mercantile or commercial purposes; who recognize it as a necessary institution of the nineteenth century; believe it as honestly and honorably managed as corporations usually are; maintain that if evils in connection with it exist, it is no fault of the exchange nor of the great majority of those who compose and patronize it. These people argue that the Stock Exchange serves its purpose in the financial world with as much credit and distinction as do banks, trust companies, insurance corporations and similar conveniences, all of which contribute to the advancement of the country's financial progress.

By the general masses the Stock Exchange is almost unheeded and unnoticed. They know there is such a thing, but why it is and what it is has never troubled their brains. They know very little about it, if anything, and appear to care less. Scores who have heard of it in a casual way have either very faint or very funny conceptions of its objects and workings. An old farmer in Indiana, when told that "seats" at an Exchange in New York had been sold for \$32,500, manifested considerable interest in the information.

"Well," he said, after some deliberation, "ef I shud go down to Noo York, I'd like to go and see the play, but I don't s'pose I cud buy a back seat in the gallery. I've never seen but one on in my life."

He had evidently got two city institutions slightly mixed in his mind. Certain it is that he knew but little about the methods of brokers on 'change.

We may feel inclined to criticise the old farmer for his ignorance. But should we not first think of the many bright and intelligent business men, beautiful and interesting ladies, tastefully dressed and dashing young clerks and cashiers, who would most happily exchange their knowledge of brokers' methods for the old man's ignorance. With charity should we remember that there are those who have not only witnessed the "play," to their regret, but have actually and sorrowfully taken part in the closing scene of an interesting "stock drama."

The Stock Exchanges of the United States are closely related to its railroad and mining enterprises. Stocks and bonds of railroad corporations and shares of mining companies form about 90 per cent. of the entire business transacted upon the floors of these financial markets. Government and bank securities form important elements in the Stock Exchange business. But the traffic in this class of values is not of special consequence to the Government nor the majority of investors. Aside from the values already named may be mentioned the shares of telegraph and express companies as having a place of some prominence in the exchanges, and though the operations in these are considerable, they are unimportant as compared with the first mentioned class. With one or two steamship or

navigation companies, a canal company, and a company for the manufacture of cars, the entire list of speculative values upon the bulletins of stock exchanges may be practically closed. It is not beyond the province of stock exchanges to list for business upon their boards, the stocks of manufacturing and other similar industries. But in the past their trade in this class of risks has been in no way notable. Local industries of sufficient magnitude to require capital outside of those immediately interested, and of a character to inspire confidence in capitalists, are usually accommodated without the assistance of stock exchanges. As to what the future may develop, it is difficult to predict. But under existing State laws, and with the conservative methods of the exchanges, the stocks of manufacturing and other local corporations, with moderate capitals, will not soon in general seek these avenues of speculative traffic.

The stock exchanges have served as an important element in constructing a large part of the one hundred and thirty thousand miles of railroad now in the United States. Some may argue that railroads would be built if there were no stock exchanges. That is true. Some railroads would be built without such assistance, but many others would not. Many roads which to-day are helping largely to build up our country, and make better homes for the people, would not have been built when they were, and probably not for many years to come, had it not been for precisely those facilities afforded by the stock exchanges. Without these public markets for shares and securities, capitalists would have been far more cautious about investing their money, as there would have been much less opportunity for realizing, in case of need, upon their investments.

Let us pause here briefly and look into the details. A more careful examination of the workings will enable us to better comprehend the principles and appreciate the results of these institutions. Shopton is an overgrown city at the coast, a manufacturing center, with a good harbor and an abundance of water power. Cropville is a city in the interior. It lies in the midst of a rich agricultural country. A railroad connecting the two places would enhance the prosperity of both. It would open up a rich and fertile country lying between the two places. Passing through fields of coal, mountains of iron and forests of valuable timber, its construction would add to the material wealth of both cities, and bring comparative blessings to the people of many others. How shall this railroad be built? The cities are five hundred miles apart. A road of this length, with its rolling stock, shops, stations, and a multitude of other necessary adjuncts, will cost twenty million dollars. Such an enterprise is not to be undertaken by an individual, nor by a small company of merchants and manufacturers. The surplus capital of the two places, were it all invested, would not com-

plete the undertaking. A few miles might be constructed in a year and put into operation. With the net earnings and some additional capital a few more miles could be built and operated the next year, so that in the course of time, half a century or more, the road would be completed. But such progress is not characteristic of the American people; if it were, the United States would possess to-day probably twenty thousand miles of railroad instead of one hundred and thirty thousand. With the necessary capital this road can be constructed in about five or six years. Yes, in less time. In a country where eleven thousand five hundred and ninety-one miles of railroad have been made in one year,* and where a long distance of a single track has been built at the rate of a mile a day, it is not absurd to predict that five hundred miles of railway may be made and equipped in about three years. Long mountain tunnels are the only obstacles in the United States which would stand in the way to prevent it, after the surveys have been made and right of way secured.

Enterprises of this kind usually have their beginning in local meetings called for the purpose. Some of the leading business men of Shopton and Cropville have, we will presume, joined forces as promoters of the scheme. By public meetings and private gatherings they have got the bone and sinew of the two cities interested in the undertaking. The next step is the formation of a joint-stock company, with a moderate capital, and with power to increase it as occasion may demand. Then comes a survey of the line, and engineers' estimates of the cost of construction. The right of way must be secured. It is not necessary that all these preliminaries of a long line should be completed before parts of the road are actually begun or completed. It is not probable that they would be.

Now Cashopolis is a financial center. Many capitalists live here, and others who do not, send large sums of money to their agents, who invest it for them. Others come and bring their money with them, and seek good paying securities. The president of our Shopton and Cropville Railway, having got the enterprise well established, work commenced, a carefully-prepared prospectus published, showing the proposed line of road, engineers' estimates, description of the country through which the road will pass, and other important facts connected with the undertaking, embarks for Cashopolis. Arriving at his destination, he sets out in search of capital. He goes first to a banker, but bankers, as a rule, are very cautious in business ventures. If he is a good banker, you may be quite sure he is cautious. "I can't help you any in the present shape of your enterprise. We discount paper, buy bonds, and sometimes loan money on stocks left with us as a collateral security; but your enterprise has not yet reached a status that would warrant a banker taking

* 1882, according to Poor's Manual.

hold of it. I would advise you to go to a capitalist. Mr. Income would be a good man for you to see; he is largely interested in railroads, and especially new ones. Go and see him." Mr. President finds Mr. Income, who explains his situation as follows:

"Yes, Mr. President, I have money to loan at the regular rate of interest, and would also be willing to purchase good securities. If your scheme is all right I might be inclined to take some of your bonds, if you should issue any, and possibly would trade a little in your stock. But before investing I should want some satisfactory guaranty that your company is properly organized, that your surveys and reports are correct, and your estimates verified. I cannot spend the time to investigate all these things, and it wouldn't pay me to do so. I am forced to do business upon the good faith and intelligence of others, but those people are persons with whom I have done business many years. Have you placed your scheme before any loan and trust company, and asked their co-operation?"

"We have not. I am acquainted with none of those institutions, and have visited none. Would you advise it, Mr. Income?"

"Yes, sir. I would suggest, Mr. President, that you go to the Evenup Loan and Trust Company and lay your enterprise before its officers. I think they will help you through. That is one of their objects."

"Thank you, Mr. Income, I will follow your advice;" and our railroad president finds his way as directed, saying to himself as he steps into the street, "Ah! the Evenup Loan and Trust Company. Surely that name sounds good to one hunting for money in a city like this, and especially when one seems to have so little security to offer. Just the kind of a place I was looking for. Ah, here it is."

"I would like to see Mr. Penhandle, the Secretary, if you please."

"In his private office, sir; right this way."

He bows himself into the private office, and there presents his credentials. A detailed explanation is made, and Mr. President listens for a reply.

"This is one of the purposes of our organization. As you have no office in this city, you may appoint our company your financial agents here. We will open books for making transfers of such stocks as are held in this city, and will make such transfers when the stocks are presented for that purpose. To secure your required capital, I would suggest selling only the amount of stock necessary to enable the company to construct such part of the road as would warrant issuing bonds. We will make out a general mortgage for the company, and as fast as the road is built, say in ten or twenty mile sections, the company may issue bonds for an amount to be regulated by the cost of the road and the outlay of the

company. Some of the cities through which your road shall pass may possibly be induced to subscribe to your stock. You might feel more confidence in that, however, were it not for the many times such assistance has been abused by railroad corporations. Of late, the aid of cities and towns has generally been refused to such enterprises. In some States they are prohibited by law from voting aid to private corporations. It will be the province of our company, if arrangements are perfected, to endorse to our customers and to brokers your stocks and bonds, and to aid in placing them on the market. With our endorsement of your company, its legal status and general management, the securities and stocks of your road may be offered on sale at the Exchange, and will be accepted by investors familiar with our mode of doing business."

The proposition is carefully considered by Mr. President, and, after having the sanction of his board of directors, is accepted. The trust company now goes through the precautionary steps for its protection, and the arrangement is completed.

The question arises, how are the stocks and bonds to be disposed of? They may possibly be sold by means of extensive advertising and personal solicitation. This is expensive and requires much time. No person can afford to give it his attention without reasonable compensation. The trust company is merely the financial agent of the railway company, but does not agree, without additional consideration, to dispose of its securities and stocks. For the service it renders as a trust company it is to receive a stipulated amount, and that will depend on the business transacted, ranging usually from two or three hundred to a thousand dollars a year, possibly more. There are men who make it their business to negotiate sales of stocks and bonds for joint-stock corporations. Their charges are reasonable, and based upon the sales effected. Those men have formed an association and established an auction-house, where the values dealt in are offered for sale, and where such commodities receive a market value. People having money to invest come here to buy. Many members of the association are themselves capitalists, who are ready to invest their money in new as well as old established enterprises, when they see opportunity for profit. From among the members of this association is chosen a committee, before whom all stocks and securities, which are to be offered for sale in the rooms of the association, must come for examination. This prevents all catch-penny, irregular and fraudulent schemes from being foisted upon the association, and gives to those values which pass the examination a stamp of genuineness. Sometimes unworthy commodities secure this endorsement, but such instances are infrequent. Human skill and knowledge are not infallible.

SELDEN R. HOPKINS.

[TO BE CONTINUED.]

THE ECONOMIC CRISIS AND ITS CAUSES.

[CONCLUDED FROM THE SEPTEMBER NUMBER]

With respect to money a strange phenomenon is observable which occurs in the case of no other merchandise. The quantity of money has but to be lessened for there to be more than enough, and the more it diminishes, the more will the excess be felt. The reason is this: When the quantity of means of exchange decreases, two consequences result. In the first place, prices fall, and therefore less cash is necessary for the operation of exchanges and the effecting of transactions—there is therefore no insufficiency of money; and, secondly, there seems to be too much money, because, as the crisis consequent on the fall in prices puts a restraint on transactions, less money is necessary, and this, therefore, is unemployed and appears to be in excess.

It is a very singular, but perfectly evident, fact that if half the coin in circulation were suddenly suppressed, the other half, instead of being insufficient, would be superabundant. If an article formerly worth £1 can be purchased for 10s., exchanges can be effected with as much facility as before, only on a basis of prices reduced one-half. In addition to this, as there would be a terrible disturbance throughout the economic world, all business would be suspended, and a quantity of money would lie idle. This is precisely the present situation.

The fundamental error of the majority of those who treat the monetary question is that they argue about money as about merchandise. The metal of which money is composed is certainly merchandise, but as soon as this metal has become the legal means of payment for all purchases and all debts, at a rate of value fixed by law, it at once acquires special properties. In the first place, that happens which we have just mentioned: that the more rare it becomes the more it apparently exceeds the demand. In the second place, if even the gold mines were entirely to cease to produce, an ounce of gold could still be had for £3 17s. 10½d. The whole monetary stock is like a mine from which gold can be extracted, at the value fixed by the mint, by simply melting down sovereigns. This explains the fact shown by Soetbeer and Burchard, that the production of gold is diminishing, and yet its consumption by the arts is on the increase. General misery alone could stop the increase of this consumption.

Mr. Mulhall is of opinion that experience proves that "the supply of precious metals has no perceptible effect on prices." Facts demonstrate quite the reverse of this. According to M. Soetbeer, the value of gold and silver produced annually between the years 1801 and 1810 amounted to 210,547,000 marks or shillings; and between 1811 and 1820, only to 129,271,000 marks; and from 1821 to 1830, to 122,564,000 marks; and merely rose between 1831 and 1840 to 163,967,000 marks. Tooke, and especially Jevons, call attention to a general fall in prices during this period. Between 1850 and 1870, the average production was 735,000,000 marks, and prices rose from 18 to 20 per cent. according to Jevons and Soetbeer, whose statistics so alarmed Michael Chevalier and Richard Cobden that they proposed to suspend the coinage of gold, and that the silver standard should be adopted everywhere. After 1873, silver being proscribed from European mints, gold alone regulated prices, and its production gradually diminished, so that the circulation, instead of being

annually fed by an afflux of nearly 800,000,000 marks in gold and silver, after a few years only received 390,300,000 marks in gold, the present production, which is to a great extent absorbed by the arts, by India, and by the producing countries, the United States and Australia, themselves. The consequence of this is a considerable fall in prices, which Mr. Mulhall illustrates in his diagram on p. 1 of his new book, "History of Prices," by the difference between the figures 135 and 84.

It is true that it may be maintained that this lowering of prices is not wholly attributable to monetary contraction; but it cannot be denied that the fall in prices, then the rise, followed by the recent fall, exactly corresponded with the diminution, the increase, and the recent diminution of production of the metals used for coin.

Let us just cast a glance at the monetary revolutions that have been carried out by Governments. Until 1870 silver was the principal, and, as Locke said, the true monetary metal all over the world; England alone had a gold standard. A few countries, like France and the United States, retained a little gold in circulation by the bimetallic system; after 1873, suddenly and universally, save in India, the free coining of silver is prohibited, and gold coin, heretofore a luxury, becomes all at once the sole means of international exchange. And this change takes place simultaneously with a decrease in the production of gold and an increase in the activity of trade. The result of this is an unexampled fact in economic history. The mints in several large countries suspend coinage. Can it be admitted for a single instant that such revolutionary measures could be without effect on the economic world?

Another fact which further confirms the opinion that the present crisis is due to monetary contraction, is, that between the years 1820 and 1830 a disturbance in trade precisely similar to that we are now suffering from took place. It may be truly said that the crisis is now general, India, which *alone* still coins silver, being *alone* spared. Here are two quotations taken at random. I read this in a letter from Paris, in the *Independence Belge*, March 5, 1886: "The decline is complete. No purchases are made, dancing is abandoned, money is lacking, and people close their *salons*. It is needless to insist on the part the industrial crisis plays in all this." Here is a report of the Belgian consul in Japan (July 5, 1885): "The commercial history of the year 1884 in Japan is very far from encouraging. The Board of Trade at Yokohama reports as follows: 'If the losses have been less in number and less considerable than in preceding years, the profits have also been exceedingly limited. The figures for the past year show, on the whole, a marked decrease even when compared with the very poor statistics for 1883.'"

It is useless to describe the miserable state of trade in Europe. The daily papers are full of details on this subject; iron-works and factories are closing on all sides, bankruptcies are frequent, companies fail to pay their dividends, workmen strike, either because their wages are reduced or because they cannot succeed in finding employment, factories are burnt or sacked, farmers give up cultivating their land, which they let lie waste. Between 1820 and 1830 the world presented a similar picture! The fall in prices was so severe that Brougham proposed to reduce taxes proportionately; and in 1822 the idea was even put forward of reducing the sovereign to fourteen shillings. Agriculture and industry alike suffered. The distress of the laboring classes was evinced in England by bread riots, by threatening Chartist processions, and by demands for help addressed to Parliament. Armed repression had repeatedly to be resorted to. Sismondi speaks of "this great European

calamity" in his work "Nouveaux Principes d'Economie politique," published in 1827, as follows (ii. 226):

"A cry of distress is raised from all manufacturing towns of the Old World, and all the fields of the New World re-echo it. Everywhere commerce is struck with the same languor; everywhere it encounters the same impossibility of selling. It is five years, at least, since the suffering began; far from being allayed, it seems increasing with time. . . . The Protective system now prevailing in the public mind has been produced by the distress everywhere visible."

The price of agricultural produce and the rent of land fell more than one-third. This is what the historian Allison says on this crisis:

"The distress among the mercantile classes for years after the dreadful crisis of 1825, of the agricultural interest during the lowering of prices from 1832 to 1835, was extreme. The investment of capital in agriculture was, during this distress, everywhere grievously abridged, and, in many places, totally annihilated. Ireland, during the whole period, had been in a state of smothered insurrection. The heart sickens at the evidences, numerous and incontrovertible, which the parliamentary reports of the last ten years have accumulated of widespread, and often long-enduring, suffering amongst the laboring poor of England. . . . Since the Peace, the all-important question arises: What was it that had this effect? The answer is: It was the contraction of the currency which has been the chief cause of all these effects."—*England in 1815 and 1845; or, a Sufficient and a Contracted Money*, p. 51.

Writing in 1830, and speaking of the universal fall of prices, Jacob said (ii. 376):

"There must be some general cause producing such extensive effects, which are thus felt alike where taxation is high or low; under despotic and free government; and whether the land is cultivated by slaves, by serfs, by hired laborers, or by proprietors. What conceivable cause was there operating so universally and under the most various and opposite circumstances, save that decline of the mines and the increased application of their produce to other purposes than that of coin?"

Previous to 1848, said Newmarch, there had been a slow, but progressive, fall of prices in consequence of the inadequate supply of the precious metals. "Between 1809 and 1849," said Jevons, "prices fell in the ratio of 100 to 41."

During a period of lowering of prices, irreparable destruction of riches takes place. At the present moment in Belgium, just beneath my eyes, coal-mines are being completely ruined and abandoned, iron-works and factories are closed and deserted, and the buildings and machinery are left uncared for to perish little by little. Nothing is more sad than this gradual impoverishment, especially when compared with such a period of prosperity as that between 1850 and 1870, years of monetary plenty. Between 1820 and 1830, as at the present day, the causes of the crisis were very widely discussed. Some exceedingly curious letters on the subject were exchanged between J. B. Say and Malthus; the latter, like many persons of the present time, attributed the crisis to a general excess of production. J. B. Say, basing his arguments on the theory of *glut*, rendered classical by Mill, shows that a universal glut is an impossibility, and tries to demonstrate that the crisis, instead of being due to excess of production, proceeds from an insufficiency of production in certain countries.

In a speech delivered in the House of Commons on July 10, 1822, Mr.

Matthias Attwood shows clearly that the general fall could only be explained by the means of exchange being reduced.

"But first he desired the House to consider to what extent and how universal the fall of prices in this country had been, referring to a paper which had been delivered to the Agricultural Committee of the last session of Parliament by Mr. Tooke, and which contained a list of the prices of thirty of the most important articles of commerce and manufacture, selected as exhibiting the extent of the fall of prices which had taken place on all commercial commodities generally. The prices of all those commodities had fallen to the extent of £40 in the £100. Let this fact, then, be applied to the question as to foreign prices—was it asserted that a fall of prices as sudden, as great and universal, as this had taken place on the Continent at large? If so, it led necessarily to one of these two conclusions—either that all productions had everywhere suddenly increased in quantity, or that money had been reduced in its quantity; for the proportion between money and commodities had been altered, and one of those two conditions must therefore of necessity be admitted. Either all the productions of all industry, all climates, and all countries had suddenly increased, which it was impossible to believe, or otherwise, from whatever cause, a reduction in the amount of money generally in circulation had taken place."

From 1817 to 1827 such were the economic sufferings in the United States that an increase of customs duties was demanded as a remedy. The details of this persistent crisis will be found in the Reports of Mr. Fearon, who was sent by English merchants to America to study the situation. In the same debate, another member of the House (Mr. Western) said, speaking against the Act of Resumption:

"Two-thirds of the cultivators of the soil had in the course of a few years, and in a time of profound peace, been rendered insolvent. The turn of the landowners would soon come—they would soon be involved in the ruin of their tenantry."

The characteristics of the present crisis are, as we have seen, precisely similar to those of the crisis of 1820–35, and wholly different from the commercial and industrial crises which repeated themselves about once in ten years, and whose special features were their acuteness and their short duration. The excessive fall in the value of silver is a new and quite special cause of suffering for the agricultural world. Baron de Soubeyran laid this matter before the French Chamber in a speech delivered on February 8, 1886, in which he shows that Indian-grown corn attains a premium of more than 20 per cent. when imported into Europe. He thus expresses himself: "Silver is the only legal tender in India. An ingot of silver is bought in London at the current price, 46½d., sent to Calcutta and coined at the mint there, and with the produce of the coining of this ingot you purchase corn which you forward to London or Havre. There this is worth about frs. 13.70 the hectolitre, all expenses paid. If, on the contrary, the silver ingot, instead of costing 46½d., or frs. 170 the kilogram, its present price, cost 60¾d., or frs. 220 the kilogram, its real worth, the hectolitre of corn ought then to be sold in London, Antwerp, or Havre at a price varying from frs. 18.50 to frs 19.50—that is to say, that in all these ports it would be from frs. 4.75 to frs. 5.50 dearer than now."

One more question remains yet to be examined. Is a universal fall in prices, induced by monetary contraction or other causes, really an evil? Mr. Bonamy Price, with whom I recently discussed this point, wrote to me on the subject as follows: "This lowering of prices, if it be general, affects no one's position, and presents the advantage of rendering less coin necessary for the effecting of the same number of transactions."

This proposition would be exact at the outset of a nation's career, but it is completely erroneous in reference to a society where all the transactions and the debts have been regulated on a fixed scale of prices, in which case any lowering in this basis brings about serious disturbances and considerable suffering. Distinction must be made between two periods—the first, while the fall is taking place, and the second, after it is fully accomplished, and the balance re established at a reduced rate of prices. The evils produced during the first period were admirably described by the American Monetary Commission of 1876, which simply depicted what was taking place before his eyes:

"The very same reasons which make capitalists refuse to exchange money, whose command over property is increasing, for property, whose command over money is decreasing, also makes them refuse to exchange it for labor. In a commercial sense, industrial enterprises are never undertaken nor carried on except with the hope and expectation of gain. This expectation, unless under exceptional conditions, falling markets destroy. While capitalists, for these reasons, cannot afford to invest money in productive enterprises, still less can anybody afford to borrow money for such investments at any rate of interest, however low, and but little money is now borrowed, except for purely speculative ventures, or to supply personal and family wants, or to renew old obligations. Money withdrawn from circulation, and hoarded, in consequence of falling prices, although neither paying wages, nor serving to exchange the fruits of industry, nor performing any of the true functions of money, is nevertheless not unproductive. It may not be earning interest, but it is enriching its owner through an increase of its own value, and that, too, without risk and at the expense of society. . . . The peculiar effect of a contraction in the volume of money is to give profit to the owners of unemployed money through the appreciation of its purchasing power by the mere lapse of time. It is falling prices that rob labor of employment, and precipitate a conflict between it and money capital, and it is the appreciating money that renders the contest an unequal one, and gives to money capital the decisive advantage over labor and over other forms of capital invested in industrial enterprises. . . . The labor of the past is enslaving the labor of the present; at least that portion of the labor of the past which has been crystallized into money is enabled, through a shrinkage of its volume, and while lying idle in the hands of its owners, to increase its command over present labor and over all forms of property. The laborers must make their wants conform to their diminished earnings. Consumption is, therefore, constantly shrinking towards such limits as necessity requires. Production, which must be confined to the limits indicated by consumption, is constantly tending to a minimum, whereas its appliances, built up under more favorable conditions, are sufficient to supply the maximum of consumption. Thus idle money, idle capital, idle labor, idle machinery, stand facing each other, and the stagnation spreads wider and wider. It is in the shadow of a shrinking volume of money that disorders, social and political, gender and fester; that communism organizes, that riots threaten and destroy, that labor starves, that capitalists conspire and workmen combine, and that the revenues of Government are dissipated in the employment of laborers or in the maintenance of increased standing armies to overawe them."

It is then indeed that Shakespeare can exclaim:

"Gold? yellow, glittering precious gold?
Thus much of this will make black, white; foul, fair;
Wrong, right; base, noble; old, young; coward, valiant."



This same destruction of capital is now taking place everywhere. When a definite fall in prices is attained—but when will that be?—then another category of evils will become perceptible. Long-standing debtors, and more especially the taxpayers of largely indebted States—it must not be forgotten that these National Debts amount to £5,000,000,000 sterling—would be completely crushed for the benefit of the fundholders, for, in order to pay the sum owed, it would be necessary for the debtor to deprive himself of far more commodities than when money was more plentiful. For example, a taxpayer who is taxed to the amount of £1 when corn is worth £1 the hundred kilograms would have to deduct 71 from his revenue. If corn falls to half the price, he would have to deduct double the amount to pay his taxes and other calls upon him, and would probably be ruined. We see, then, that the victims of a fall in prices are the nations who are already overburdened by military expenditure. Stuart Mill explains that the consequence of this phenomenon is to despoil the active portion of a nation for the benefit of the do-nothings!

To resume our previous conclusions. At the Paris Monetary Conference of 1878, Mr. Goschen said that "every fresh demonetization of silver would produce a more disastrous crisis than any of those recorded in history." His prediction is being realized to the letter. From a gold production of £18,000,000 sterling, the arts take £12,000,000 and the East £4,000,000; losses, wear and tear, £1,000,000; there remains, therefore, just £1,000,000 for the monetary requirements of a world whose population is rapidly increasing, and especially in the gold-producing countries, the United States and Australia. Can it be admitted that such a state of things can continue without provoking unprecedented disturbance in the trade and industry of the entire world?

At the same time, this struggle for gold is the death-stroke of Free Trade. Sismondi calls attention to this in the passages previously quoted, where he says, "It is the general distress to be met on all sides at the present day which induces public opinion to incline so favorably towards protective measures. Landowners and farmers declare themselves unable to compete with foreign produce, and they insist upon severe protective laws." What took place in 1820–1828 is now recurring. The disastrous fall in prices has led France, Germany, Italy, Russia and Spain to raise their rates of duty, and has given birth in England to the "Fair Trade" party, which is simply protection in disguise. How could it be otherwise? The public in general cannot understand the complex and insidious effects of monetary contraction or of the other causes of the crisis indicated. They see one alone, and that one is perfectly clear and unquestionable: it is that foreign produce can be purchased at a very low price; and to prevent this they are logically anxious that the duty on it should be made very heavy.

England, by maintaining a single standard, imposes it in reality on all other nations, and brings upon herself and on the world at large incalculable evils; but, in addition to this, she wholly extinguishes that noble idea from whence a general harmony of interests and the fraternity of nations should spring—Free Trade.

—*Emile de Laveleye in the Contemporary Review.*

SOMETHING FROM NOTHING.

There is nothing which offers stronger attractions to the minds of most men than any process which promises to give something for nothing. It is the desire to get wealth without giving the time and labor usually necessary to obtain it, the making haste to be rich, which lies at the bottom of all the gambling games under the sun. It matters not whether it is the negro in a Swampoodle hovel taking gigs and saddles on a 4-11-44 combination in his favorite game of policy; or the Mexican staking his doubloons on a suerte cloth in the open air; or the American stacking up his chips and "calling the turn" in some elegant but surreptitious faro hall; or the Frenchman nervously heaping up gold pieces on two cards in baccarat in his dilettante club house; or the visitors of all lands in the gorgeous casino of Monte Carlo raining louis d'or and billets de banque on the roulette and trente-et-quarante tables—all these are no more gamblers, and no less, than the man who deals in stocks on margins, or who buys grain that he doesn't want and that he or any one else will never see, and sells produce that does not exist. Most of them are engaged in the hardest, dreariest and most futile of efforts to make something out of nothing. Time out of mind there have been gamblers, and world without end they will probably endure. It is not by attacking the immorality of gambling that the gaming instinct will be cured or the practice ended. The one sure way to put an end to it is to reveal the exhaustion of pocket and the enervation of brain that it must inevitably result in. No mere array of probabilities will ever suffice to turn a gambler from his fate; he will always feel that this time luck, chance, fortune, whatever he may call it, will yield to his necessities. Not though he may have been disappointed hundreds of times will he admit that his success is hopeless. So strange, indeed, is the infatuation, that even a knowledge of dishonesty in the game will not always deter him from venturing, though doubtless this knowledge would exercise a greater restraint than any other reason. There have been many instances where men of excellent reasoning powers have admitted that they were convinced as to the mathematical impossibility of winning in a gambling game; and yet they have acknowledged that their hope was stronger than their reason, and that they could not overcome the fancy that they might win.

If it were not for this delusive hope in the face of all contrary evidence, gambling would never cause a man misfortune twice. Once embarked on this treacherous stream, however, the victim is almost certain to fix his eyes firmly on its source, where, he thinks, the water trickles through sands of gold along shores dotted with precious stones. He fondly believes that so long as he faces the object of his hope so long will he go in that direction; and not with the roar of a cataract in his ears will he turn his eyes and thoughts from the distant and fading goal, until a fatal plunge carries him into the gulf of ruin and despair. Perhaps a cashier "takes a flyer" in Wall street with a thousand or two thousand dollars of his own. Unfortunately, a profit is frequently made on the first venture, and bright visions of sudden wealth are almost certain to dazzle him. Having won, he wishes for more—it is so easy to make thus in a day more than he could save in several months. But a loss comes; then another; then he sees that all his own capital is involved, so that it can be saved only by keeping up his margins. He

uses his trust funds to do this, feeling a certainty that the tide will turn in his favor, and he resolves that, once out of that scrape without loss, he will never venture into it again. But he must go again, perhaps often, to the vault; settling day comes, and his margins are swept away, including money not his own. Thenceforward he plunges about wildly. His fear of detection deprives him of the capacity to reason clearly, and he is constantly doing the wrong thing. Now he holds back from some promising venture because he has found his judgment so often at fault; in a few days he sees that he might have saved himself by following his first impulse. The next time he springs into the market with a heavy sum, only to find that this time he should have kept out. Finally, further concealment being no longer possible, a great defalcation is exposed to the world, and people wonder how the man could have gone on month after month losing money. It is all primarily due to the insane desire to make something from nothing, and afterward to that worst of all the little devils that Pandora had in her box, the one she let out last—Hope.—*Philadelphia Record*.

THE SOUTH-EASTERN RAILWAY'S SAVINGS BANK.

The seventeenth annual report of the South-Eastern Railway Provident Savings Bank may be commended with equal confidence to the attention of the speculative reformer and the hard-headed capitalist. We have had enough, and perhaps too much, of sermonizing about the supreme excellence of thrift as a panacea for the distresses of the working classes, and about the virtue of co-operation as the one and only means of effacing the old feud between capital and labor. Sir Edward Watkin is best known to his countrymen as a singularly able financier and a successful railway director. His genius is distinctly practical; he takes society as he finds it; he builds his huge bridges, runs his fast trains, and reports to his shareholders, with unflinching regularity, an admirable dividend. He leaves to men of ampler leisure and a more speculative turn the fascinating pursuit of reconstructing society on paper, and preaching industrial morality as the only way to save mankind. But it appears to us that, in his distinctly practical way he has done more to solve one standing difficulty of the social question than all the dreamy or sanguinary enthusiasts put together. Seventeen years ago he introduced—he modestly refuses to say he initiated—a Provident Savings Bank in connection with the South-Eastern Railway. During the period that has elapsed since then he has carefully watched over and fostered the development of the institution. There has been no break or stay in the progress of the bank, and though the operations are now on a scale that, to outsiders, may well appear marvelous, there is no reason to believe that anything like the ultimate limit has been reached. The employees of the South-Eastern Railway Company number 9,000. Out of these rather more than 3,000 are depositors, and the amount to their credit stands at the imposing figure of over £227,000. "Deposits nearly a quarter of a million" would sound well even in a purely commercial prospectus. But the utility of the institution, we need hardly remark, is hardly to be judged by its financial success. Behind the figures we have quoted lies most satisfactory and unexpected evidence of individual thrift and individual prosperity. There is room—abundant room—still for improvement. Two out of every three of

the servants of the company have still to be "brought in" to enjoy the advantages placed within their grasp. Nor is an average balance of £70 per head to be regarded as an adequate provision for old age and accident and the chances of a working life. On this point, however, it must be remembered that the servants of the company are by no means restricted to their own Savings bank as a field for investment. It is an auxiliary field, particularly easy of access, and absolutely safe. But for various reasons it is probable that it does not by any means attract all the savings of the establishment. About this Sir Edward Watkin had something to say in his address at the last annual meeting, and, as his manner is, had a practical suggestion to make. To this we shall refer presently. Here it is enough to note the unbroken progress hitherto made as full encouragement for the future. In 1870 the amount in deposit was £3,564; year by year it has grown by leaps and bounds, till at the last audit, as we have already mentioned, it was nearly £228,000. Lord Herschel, who presided at the general meeting, remarked with some regret that "the number of deposits of the smaller amounts had been of late years rather diminishing than increasing." On this point Sir Edward Watkin was again ready with a suggestion of remedy. One would certainly wish that the increase of small sums kept equal pace with the large deposits. But a glance at the table shows that a very considerable part of the savings come from those who have little to save—286 of the depositors were children. Of about 8,000 separate deposits, more than 3,000 were of sums under five shillings.

These dry statistics offer sufficiently eloquent demonstration of the efficacy of the thrift-promoting apparatus which Sir Edward Watkin, with the concurrence and sympathy of his directors, has devised. The example he set is one which others, in a similar position of influence and authority may well be invited to follow. The secret of the success is simple in the extreme. The security offered is such as investors outside the rank of the railway servants might well envy. The four per cent. interest allowed is—at any rate in these days of depression—liberal. But inducements of this sort would of themselves be ineffectual to overcome the inertia of heedless expenditure. The cardinal virtue of the system which Sir Edward Watkin has established lies in the fact that the bank is not only brought into the midst of the wage receivers, but that its coffers stand temptingly open at the very moment when they are placed in possession of the funds from which savings come. It is always hard to reduce human nature to statistics. But any one who knows anything of the character of the ordinary British workman—and we use the term in a sense wide enough to include the classes of the fairly well to do, and the employments absurdly supposed to be specifically "genteel"—will easily estimate what the chance of investment would be if an interval were imposed between the receipt of wages and the possibilities of putting a part of those wages in a bank. Sir Edward Watkin has solved the difficulty, and made the way of thrift easy by arranging that the money to be saved need never be drawn, but may pass at once to the credit of the payee's account. "Automatic investment" would be a short and accurate description of the plan, and under it as much effort is needed to draw the money for spending as to place it where it will go on accumulating till the day of adversity or the advent of old age. Here we have the idea of National insurance realized in detail. There is no compulsion, it is true, but there is a persuasive, an inducement to saving, which acts almost as usefully, and certainly more graciously. And with the same justice may Sir Edward Watkin claim to have done signal service to the cause of temperance. Drunkenness is, in one aspect, only a form of waste. The men of the

South-Eastern Railway are not presented with a total abstinence pledge which they are bound to take under pain of dismissal. They are free to go to the tavern if they please. But before they have a chance of turning their steps to the place of temptation comes the silent and persuasive monitor of the Savings bank. The appeal is to Philip before he is drunk, and so the fund for wife and little ones grows and grows, while the tap-room profits and police-court fines, *pro tanto*, decline. That is not a bad moral result for the directors to boast of. Nothing is too small for the patient bank to receive—"not less than a penny" is the only hint of limitation. On all that remains in the hands of the pay clerk, or on all that is separately deposited, interest accrues at four per cent. As to security, under the Special Act of Parliament by which the bank was founded, the tolls, undertaking, lands, and tenements of the company are charged with the payment of every deposit and the interest thereon. As if this assurance was not enough, the employees themselves have the privilege of electing a committee, consisting of a representative from each department, and a secretary, and the most cautious of investors, we imagine, would pronounce the guarantee sufficient. We are not disposed to attach too much importance to this factor of security as an element in the success of the plan; for even in thrift our working classes are often almost incredibly imprudent. This is shown with painful distinctness by the gloomy record of bogus building societies, penniless insurance offices, and fraudulent Savings banks. Sir Edward Watkin has not only done a great thing in bringing the servants of the company to save, but in protecting them from the terrible blows which have wrecked the old age of many men who have lived honest, hard-working, self-denying lives, and whose only error was an easy-going confidence in the integrity of scoundrels.

Lord Bramwell, who is one of the warmest friends of the institution, has expressed a desire that the directors should affiliate with the Savings bank a system by which the depositor might become a shareholder in the railway. That would be, of course, a long step towards the introduction of co-operative relations between capital and labor, between employers and employed. About this, Sir Edward Watkin remarks cautiously that "the difficulties which have heretofore existed may probably be done away with." To discuss the merits of the question would take us into the general question of co-operation, and we confess that, from the workman's point of view, it seems to us that the certainty of four per cent. is better than the fluctuating chances of dividends. Another more practical suggestion is to provide a machinery for enrolling the servants of the company to become owners of their houses. It will be remembered that the company intended to get Parliamentary powers this year for this purpose, but in face of the opposition to other parts of the bill it was withdrawn. Sir Edward Watkin, nevertheless, hopes to be able to get the powers to lend money to the employees at three per cent. to help them in building or in buying their houses. The plan is worthy of a wise and benevolent chairman. "Sound minds in sound bodies in sound houses" is a good ideal for rich and poor, and it is well worth the while of masters, even from the selfish point of view, to see to the housing of those on whose zeal and energy they depend. But the undertaking appears to us to be rather an extension of the idea out of which the Savings banks grew than to be properly a department of its work. Sir Edward Watkin, however, may be trusted to know what is right. That he does not overlook detail, is clear from the last of the reforms he proposes. There is, it appears, here and there a natural reluctance on the part of the men to let their fellows know what the state of their finances is. To exclude all

possibility of publicity in the matter of deposits, the chairman has "been thinking of" a scheme by which, "at every station, at every workshop, little bits of paper for pennies, sixpences, shillings" should be purchasable. These could be sent up to London and paid in "without anybody in the world except the secretary knowing anything about it." Such is the excellent plan to which the chairman proposes to have recourse.

We have confined our explanations to the South-Eastern Company's Bank. But it is only one of three which owe their existence to Sir Edward Watkin's provident energy. The total deposits in these exceed half a million. We are not surprised to learn that the trades unions have looked with some astonishment upon these institutions. The officials have, or pretend to have, got it into their heads that capitalist directors, when they take steps to benefit their workpeople, must have some ulterior design of strengthening their hold upon them. It is useless to argue against a prejudice. But two things may be said which, each in its way, should allay these morbid fears. Just in proportion to the reserve which the wage-earner has to fall back upon, is his independence of the capitalist. The South-Eastern Railway does nothing to reduce the standard of wages by persuading its servants to make provision for old age. On the contrary, the South-Eastern chairman openly and avowedly expresses his regret that, in the present days of competition, it is not possible for him to raise above their present level the wages of those of the employees who are at present the worst paid. No part of his speech at the annual meeting strikes a truer note than those sentences of it in which he deplores, as a melancholy and miserable state of things, the fact that, after a life of incessant toil, too many English workmen can only look forward to ending their days in the workhouse. It is in the hope of averting, as far as may be, this sad conclusion of a toilsome life that Sir Edward has thought out and brought into existence this Savings bank scheme. It is exclusively in the interests of the men themselves that he has done it. But none the less do we hold it to be true that a service to the public of no mean value is rendered at the same time. For it is as certain as anything can be that men who are oppressed with no sordid anxieties, who can look forward cheerfully to the future, and who are conscious of owing much of their independence to the kindly, intelligent interest of those whom they serve, will perform their functions infinitely better than the reckless, dejected creatures who live from hand to mouth, and squander without deriving a particle of satisfaction from their waste. But if the trades unionist need bear Sir Edward Watkin no grudge, the socialist agitator ought to hate him from the bottom of his heart. Poverty and destitution are incidents of our social system which are utilized by foolish fanaticism or blind hatred to divert attention from the means of happiness it places within the reach of the majority. Sir Edward Watkin has shown—within his own sphere—how poverty and destitution may be eliminated. There is no air of patronage on his side; no sense of dependence on the side of those whom his foresight has benefited. He has simply brought within the reach of his nine thousand employees the means of safeguarding their future by their own exertions and their own self denial.—*London Standard*.

NEGOTIABLE INSTRUMENT.

SUPREME COURT OF PENNSYLVANIA.

Oxnard v. Varnum.

In order to hold indorsers, a promissory note must, at the proper time, be presented and payment demanded; if the place of payment be specified, at that place, if not, then at the place where the maker resides, or at his usual and ordinary place of business, and notice of non-payment must be promptly given.

A, residing in Wheeling, West Virginia, dated and made a note at Pittsburgh, payable to the order of B, who lived in New Martinsville, West Virginia, and who indorsed it payable to the order of C, who resided in Kansas, and who indorsed it payable to the order of D; no place of payment was designated in the note; D knew that A lived in West Virginia, but he nevertheless sent the note to a Pittsburgh bank for collection, without giving any information as to presentation; at maturity it was handed to a notary public, who, after inquiring for the maker at several banks in Pittsburgh, protested it. *Held*, that the dating of the note at Pittsburgh, and failure to appoint upon it a place of payment, was not equivalent to making it payable at Pittsburgh; that, had D had no knowledge of the residence or place of business of A, it, perhaps, might have been regarded as essential to the exercise of due diligence to inquire at Pittsburgh; but as D knew, when he received the note, that A lived in Wheeling, he should have inquired, etc., there.

Whether due diligence has been used in making inquiry for the residence or place of business of a maker or indorser of a note is, in most cases, a mixed question of law and fact; the court must state the law to the jury according to the circumstances as they appear, but the jury must determine the fact.

A promise to pay by an indorser, after default of payment by the maker, not only dispenses with proof of presentment and notice, but throws on the indorser the burden of proving the *laches* of the holder, and that the indorser was ignorant of the facts at the making of the promise."

In September, 1883, Scranage, living in Wheeling, West Virginia, agreed to purchase from De Camp, living in Kansas, claims to certain lands in West Virginia, Scranage to give, as part consideration money, a six months' note for \$2,000. The first meeting of the parties was held at Wheeling; later, another meeting was held at Pittsburgh, where the papers were delivered. The following is a copy of the \$2,000 note:

"PITTSBURGH, September 8, 1883.

"Six months after date I promise to pay to the order of A. W. Oxnard, two thousand dollars, without defalcation, value received.

"GEO. W. SCRANAGE."

Indorsed: "Pay to the order of G. W. De Camp.

"A. W. OXNARD."

"Pay to the order of Wm. Varnum.

"G. W. DE CAMP."

Oxnard lived at New Martinsville, West Virginia.

Varnum sent the note to a Pittsburgh bank for collection; at maturity it was turned over to a notary public, who inquired for Scranage at several of the Pittsburgh banks, and then protested it. No actual presenting of the note was ever done. The notary mailed all of the notices of protest to Varnum, at Erie, who some days afterward mailed the notice for Oxnard back to Pittsburgh. This notice did not reach Oxnard till several weeks subsequent to the protest, then it came with

a letter from Hughey, a lawyer to whom the note had been sent for collection. Oxnard called on Hughey, who testified on the trial that Oxnard promised to pay the note if he would forbear to sue for a certain time. Oxnard contradicted this, testifying also that when he conversed with Hughey he knew nothing of the non-presenting of the note.

De Camp informed Varnum when he transferred to him the note, that Scranage lived in West Virginia, and Varnum, in his testimony, said he was under the impression De Camp had told him it was in the city of Wheeling.

Varnum brought an action of *assumpsit* against Oxnard. On the trial the Common Pleas charged as follows :

"This is an action on a promissory note. It has been read in evidence to you, and is in these words :

"This note, according to the evidence, was made in Pittsburgh. Some time before its maturity the plaintiff, who is the last indorser, bought it, and paid money or its equivalent therefor in full. His testimony, and I believe it is undisputed, is that he bought it of Mr. De Camp, one of the indorsers, and paid him in money and in exchange notes, or property, its full value, less the interest.

"When the note became due, the drawer, Scranage, no matter where he lived, was bound to pay it if he were able, and could be made to pay it ; and so each indorser, if properly protested, is liable. The plaintiff cannot bring an action against them all in one suit, but he can bring an action against the drawer and each of the indorsers separately, and when he makes his money off one, the party who has to pay, if he be not the drawer, has recourse again.

"Now, gentlemen, if the protest was properly made, the plaintiff would be entitled to recover. The note being made at Pittsburgh, the plaintiff had a right to send it to Pittsburgh for collection.

The first question, and it is a question of fact for you, is, was this note properly protested so as to charge A. W. Oxnard, to whose order the note is drawn, with the payment thereof? and that will depend upon how you may find the evidence.

The evidence, as I understand it, is, that Mr. Varnum, the plaintiff, did not state to the bank that Mr. Scranage lived in Wheeling, and the notary got the note without knowledge of that fact ; he made inquiry, as he says, at a number of banks and business houses, and also examined the city directory, but of course could not find Mr. Scranage, because Mr. Scranage was not here. According to the testimony of Col. Arnett he must have been, at the time the note fell due, in Greenbrier County, and not even at his regular residence in Wheeling. Of course the notary would not find him, but he says he made this search for him ; that he then returned that he had made diligent search and immediately mailed the notice of protest to Mr. Varnum, the owner of, and last indorser on the note. Mr. Varnum alleges that understanding that Mr. Oxnard lived in Pittsburgh, he, by the next mail, sent the notice to Mr. Oxnard, at Pittsburgh. Mr. Oxnard a few days after that came to Pittsburgh, received the notice, and it is alleged by the plaintiff, he then promised to pay the note. That is disputed by the learned counsel for the defendant, and that is a question of fact for you to determine.

"If you believe that the notices of protest were sent to Mr. Varnum, and then a notice was sent to Pittsburgh, and Mr. Oxnard actually received it and promised to pay the note, he is properly charged. If he did not make any such promise, and if the notice was not sent in a reasonable time, under the circumstances, of course he could not be charged.

"There must be also due diligence exercised to make a demand upon

the drawer of the note. I have stated to you that he was not obliged to send the note to West Virginia, but the notary was bound to use due diligence here, because the note was dated at Pittsburgh, and you will say whether the exertions he made to make a demand upon the drawer were reasonable and proper under the circumstances. He did not find him and could not make a demand.

"Those are the only two questions in the case, and I will state them again: First, the note being made at Pittsburgh, it was not necessary to send it to West Virginia for collection; and second, if due diligence was exercised here by the notary, Mr. Varnum was not obliged to leave notice at the bank that Scranage lived in West Virginia. It is for you to say, under the evidence you have heard, whether there was due diligence exercised. So as to the indorser, a notice of protest must be sent to him in the usual and ordinary way, within a reasonable time. If he lives in the city it ought to be sent to his place of business or residence. If he lives away, it ought to be sent to his address. In this case, if the testimony of the plaintiff is to be believed, he thought the defendant lived in Pittsburgh, and sent it to him here; the defendant actually got the notice a few days afterward, and then the plaintiff alleges, he made a promise to pay the note. If you believe that, that would charge him; if you do not believe it, it would not.

"The points of the defendant, so far as answered in the charge, are affirmed, and so far as they are not answered, are refused, and bill sealed for him."

Clark, J. It is undoubtedly true, in general, that to hold the indorsers, a promissory note must at the proper time be presented and payment demanded: if the place of payment be specified, at that place, if not, then at the place where the maker resides or at his usual and ordinary place of business, and notice of non-payment must be promptly given. The note in suit was not payable at any particular place; it was made and dated at Pittsburgh, but the maker neither lived nor had any place of business there. There is some evidence to show that his residence and place of business at the time of the making of the note was in Wheeling, in the State of West Virginia, and of this fact DeCamp and Varnum would both appear to have been informed at the time of the transfer of the note by the former to the latter. Mr. Varnum testifies that he then inquired of De Camp as to the residence of the parties, and that De Camp said Oxnard lived in Pittsburgh, and Scranage in West Virginia, and his impression was that he said in Wheeling. At the maturity of the note, however, it would appear that Scranage was in Greenbrier County, or in Kanawha County, in that State, looking after some matters connected with a purchase of lands he had made from De Camp, the payee of the note; but whether or not Wheeling continued to be his residence or place of business is not shown. Under these circumstances, the learned judge seems to have supposed that because the note was dated at Pittsburgh, the holder was not obliged to send it to Wheeling or elsewhere in West Virginia; that the holder or his notary was bound only to use due diligence at the place where the note was made. It is very well settled that the making and dating of a note at a particular place is not equivalent to making it payable there, nor does it supersede the necessity for presentment and demand at the residence or place of business of the maker in order to charge the indorsers; it may have the effect of leading the holder, who has no knowledge of the proper place for presentment, to suppose that he might be there found *Duncan v. McCullough*, 4 S. & R. 480; and where no residence or place of business can be found, an inquiry at the place of the date of the

note might, perhaps, be regarded as essential to the exercise of due diligence.

This subject was fully considered in *Lightner v. Will*, 2 W. & S. 140. The note upon which suit was brought in that case was dated at Pittsburgh, and no place of payment was specified. The question being upon the liability of the indorsers, the court said: "It has been argued, however, that dating the notes at Pittsburgh is equivalent to making them payable there, and that it was, therefore, unnecessary, in order to make the indorsers liable, to go beyond the precincts of the city of Pittsburgh to demand payment of the drawers. And, indeed, it would seem that a notion of this sort prevailed to a certain extent in the city of Pittsburgh; but certainly it is an erroneous one. The circumstance of the notes being dated at Pittsburgh might be considered by those who knew nothing to the contrary some indication that the drawers resided there; but by no reasonable interpretation can it be regarded as being intended to make the notes payable there. The contrary, indeed, has been adjudged. *Anderson v. Drake*, 14 Johns. 114. It is prefixed or subjoined merely to show the place at which the note is drawn, in like manner and for the like purpose as it is done in writing a letter, but never done in either case with a view to show that the drawer of a note or the writer of a letter resides at the place; it, at most, only goes to show that the drawer of the note or the writer of the letter was there at the time of drawing the note or writing the letter. In *Parsons Bills and Notes*, 453, it is said: "Where the maker, at the time of signing the note, lives in another State from the one in which the note is dated and delivered, and in which the holder lives, a different question is presented.

"Where the party who receives a note under such circumstances knows, when he takes it, where the maker lives, and has sufficient time before the maturity of the note within which to cause a proper demand to be made upon the maker, it would seem to follow that he should be considered as taking the risk of a proper presentment in the State where the promisor resides." We may also refer to *Spies v. Gilmore*, 1 N. Y., 321, and to *Taylor v. Snyder*, 3 Denio 151, where the same doctrine is declared.

This statement of the law, it is true, has not been universally adopted, perhaps, but it would appear to be the view generally accepted; it is certainly in accord with the peculiar nature of the contract of indorsement, and is, we think, in harmony with the commercial usages of the country.

Whether or not due diligence is used in making inquiry for the residence or place of business of the maker or indorser is, in most cases, a mixed question of law and fact; the court must state the law to the jury according to the circumstances as they appear, but the jury must determine the fact. *Stuckert v. Anderson*, 3 Whart. 116. What will constitute due diligence to find either will, in each case, necessarily depend upon its peculiar facts; no fixed rule can be prescribed which will apply under all circumstances, but the fact that the note is dated at a particular place is doubtless proper to be considered in the determination of that question.

In the case at bar, however, Varnum, the holder, knew that the residence or place of business of Scranage, the maker, was not in Pittsburgh, although the note was made and dated there. He knew, for De Camp told him, that Scranage lived in West Virginia, and he says himself that he is under the impression that De Camp told him that he lived in the City of Wheeling. If Scranage had resided in Pittsburgh when the note was given, and had afterward removed from the State, a different question would be presented, but as his residence in Wheeling was

known to De Camp at the time the note was made, and to Varnum, when by the indorsement of De Camp it was transferred to him, they must in each case be supposed to have taken the risk of a proper presentment at the place where the promisor resided.

A person who takes a promissory note by indorsement, if he proposes to hold the indorser, takes it with the knowledge that at its maturity a proper demand must be made upon the maker for payment, and he is under obligations at the time he receives it, or in due time afterward, to know, or at least to inquire, where the maker lives; if he does not, and refrains from all inquiry, he should suffer the consequences of not being able to make a regular demand. In view of the peculiarities of the contract of indorsement and of the rights and responsibilities resulting therefrom, the holder of a promissory note should certainly be held to the exercise of such diligence in this respect as ordinary foresight and prudence would suggest; and in the absence of any effort he should, we think, be held to be affected with knowledge of that which, by reasonable diligence, he could have readily ascertained.

As the maker's known residence and place of business at the making of the note was in the city of Wheeling, where he was the proprietor of the St. James Hotel, and not in the city of Pittsburgh, and as it did not appear that afterward he had any other, it would seem that Wheeling was the place where inquiry should have been made. For if Scrannage was at the time in Greenbrier or Kanawha County, looking after his lands, he may have left behind him some provision for the note. Indeed, although absent for anything that appears, his errand may have been of a merely transient or temporary character, his residence and place of business remaining in Wheeling.

That portion of the charge of the learned court, therefore, in which the jury was instructed that as the note was dated in Pittsburgh it was sufficient to present it for payment there to bind the indorsers under the special facts of the case, is clearly erroneous. Thus far we have considered the case apart from, and altogether independent of, the alleged promise of Oxnard to pay the note when it was presented to him by Mr. Hughes after protest. As to the circumstances under which that promise was made, much depends upon the testimony of Hughes, who says that he exhibited to Oxnard not only the note, but the protest of it; if this be so, and Oxnard does not positively deny it, the latter had an opportunity to know with certainty the degree of diligence actually exercised by the holder in the presentment. He would in the formal certificate see that there was no presentment of the note at the place of the maker's residence, or to the maker in person; that the note was in the hand of a notary at Pittsburgh, and that inquiry was made for the maker at that place only.

If, with a knowledge of these facts before him, the defendant, upon his promise to pay the note, obtained forbearance and the indulgence of the plaintiff, he cannot now repudiate his promise; he must pay as he agreed. Such a promise was a clear waiver of the *laches* of the plaintiff, and neither presentment, demand, protest, or notice need be shown. The general principle seems now to be settled in this country that where no demand has been made or notice given, a promise to pay after maturity, with a full knowledge of the *laches*, is binding. Pars. Notes, etc., 595-601; Byles, in his treatise on Bills, 237, lays down the rule thus: "A promise to pay will entirely dispense with proof of presentment of notice, and will throw on the defendant the double burden of proving *laches*, and that he was ignorant of it." See, also, 3 Kent's Com. 113; Chitty Bills, 539; Pars. Notes, etc., 505, and cases there cited. In our own State the law would seem to be as well settled on this point as else-

where. "That a subsequent promise to pay the note by an indorser who has full knowledge of all the facts amounts to a complete waiver of the want of due notice," says Mr. Justice Strong, in *Sherer v. Bank of Easton*, 33 Penn. St. 134, "is settled, and settled as a matter of law; so does a part payment." Some of these cases assert that it is evidence from which a jury may infer that demand was duly made and notice given, but many others declare it to be a waiver of notice itself. *Lerry v. Peters*, 9 S. & R. 125, seems to assert that it is both. Tilghman, Ch. J., said that an acknowledgment of liability—to which he held a partial payment to be equivalent—carries with it internal evidence that the drawer knew that due diligence had been used by the holder, or even if it had not, that still the drawer confessed that he was under an obligation to pay. In *Duryee v. Dennison*, 5 Johns. 248, where it distinctly appeared affirmatively that there was no proper demand and notice, the indorser was held liable on the ground that he subsequently agreed to consider the demand and notice as made in due time and himself liable as indorser, and this without any new consideration for the agreement. The subsequent promise was held to be, not evidence of due demand and notice—for confessedly there had been none such—but a waiver of any demand or notice at all.

So, in *Loose v. Loose*, 36 Penn. St. 538, where the authorities are collected, and the whole subject discussed, it was distinctly held that a promise to pay by the indorser, after default of payment by the maker, not only dispenses with proof of presentment and notice, but throws on the defendant the burden of proving the *laches* of the holder, and that the defendant was ignorant of the facts at the making of the promise. "Regarding it as a waiver," says the court in the case cited, "it of course must be essential that the party making it knew the *laches* which he is alleged to have excused, for waiver is not without intention. There is, however, very great harmony in the decisions, in holding that a promise or acknowledgment itself raises a presumption that the drawer of the bill or the indorser of the note was acquainted with the *laches* of the holder, which his promise is alleged to have waived. I know of but one case in which the opposite doctrine has been distinctly asserted. That is the case of *Trimble v. Thorne*, 16 Johns. 152, and it has often been spoken of with disapprobation by other courts. *Breed v. Hillhouse*, 7 Conn. 523; *Kennon v. McRea*, 16 Ala. 184; and it was finally overruled in New York in *Tebbetts v. Dowd*, 23 Wend. 379." The same principle is recognized in the case of *Moyer's Appeal*, 87 Penn. St. 129.

The question on this branch of the case was, therefore, one for the determination of the jury, but we cannot distinguish in the verdict as to the effect of that portion of the charge relating to the presentment and demand at Pittsburgh, and the case must be reversed.

Judgment reversed, and a *venire facias de novo* awarded.—*The Eastern Reporter*.

PROFIT SHARING.

Profit sharing, according to the New York *Sun*, is a form of industrial partnership that is rapidly coming into vogue in all parts of the United States. But it is in the South that it finds its most extensive application, the negro laborers almost universally receiving a specified share of the crop. The plan is also gaining ground in various manufacturing, in all parts of the Union. The general mode of applying it is to pay stated wages with a share in the profits at the end of the year. Both parties have an interest in making the business as profitable as possible. This is probably the next general step in economic progress that will be taken. At present, few can see any practical distance beyond it.

SERVICE THAT BANKS RENDER TO COMMERCE.*

The highest material prosperity in the world is best secured by the widest distribution and interchange, at the least cost, of every article of useful industry. To promote the exchange among men of desirable things, for other things more desired, is the impelling motive of all commercial enterprise and the spring of industry and social intercourse the world over. In estimating the worth of all exchangeable property, there must of necessity be some one kind of property, universally appreciated and desired, to a relative quantity of which any other article for sale can be compared as an equivalent in value, and in which that value can be expressed. This third thing is money. By money, I mean the precious metals which have been used in all ages of the world, as distinguished from any kind of paper instrument. It is not a feticch, a myth, an arbitrary appointment, or even a human creation. It is one product of labor that all men desire. Its value and utility for any people is diminished or destroyed, just in the degree that it is not kept in accord with all others, or as its character for universal use is in any way impaired. The real presence of this potential medium need not attend every commercial transaction. In fact, as the world progresses toward a higher civilization, money is less and less used as a direct instrument for purchase and sale, but is more and more held in reserved stores ready for aggregated movements between institutions and nations in payment of balances in values of commercial exchanges between them. Yet its vital spirit and significance, as the definite thing of universal desire and recognition, must of necessity be present and prevail in all legitimate commerce. No one nation can for itself change its quality or substitute something else for money, not already current in the outside world, without deranging its own commercial affairs.

These simple statements seem self-evident, but, like ethical truths, they are easily forgotten in practice.

There is a community of human interests ante-dating all history and perpetually working to bring the world into one compact and vital organism. Commerce, in its onward sweep, pays little respect to distinctions of race, to lines of nationality, or to special legislation. It moves upon men as men, continually extending and strengthening the bond of human brotherhood and mutual dependence. Every improvement in navigation, every revelation in science, every mechanical invention, and every discovery of new and useful productions, is a louder call for human intercourse. But money remains substantially the same indispensable agent through every change. The world grows practically smaller every day. There are now but few isolated and exclusive parts. The forces of nature no less than those of commercial enterprise invite all men to come out of barbarism into civilization—to do some useful work, and to bring the productions of their industry into the markets of the world. Those who at first refuse, are soon constrained to come. While older nations are thus brought into more intimate intercourse with the new, they are themselves subjected to unlooked-for competitors in their own cherished industries. The volume composing the commercial currents thus continually changes and expands in measure, place and variety, and the necessity of a uniform and universal standard of value by which these vast aggregates can be equitably transferred from nation to nation, and from hand to hand, is more and more apparent every day. Because money expresses all other material good, it has ever been the object of direct pursuit. Just in proportion as industry languishes, men have tried to thrust upon the world as true money some debased or counterfeit thing, believing that it will perform the service of the true. Whether this is done lawlessly by one man, or by combined society through forms of law, the fraud is the same in kind, and differs only in degree. It is always a crime against humanity at large.

To produce by industry the money's worth is the legitimate way to make money. Men do not want the money itself, but what the money's worth will bring by ex-

* Address of Mr George S. Coe, President of the American Exchange National Bank of New York, at the last Bankers' Convention.

change. This is the beneficent and binding law of nature. Older nations have tried in vain to evade it, and their records show how invariably and ignobly they have failed. It is left to our own new country, and particularly to the newer parts of it, to repeat these old errors—errors all the more conspicuous and aggravated because commerce has so largely extended its sway, and brought all parts and peoples of the earth into closer relations.

Commerce is greater than local statutes and will over-ride them all. The instruments it uses are still those that the experience of long ages has tested and approved. They cannot be supplanted by any one nation without throwing that people into discordant relations with the rest of mankind, and turning it back towards barbarism. Natural law, while it is universal and omnipotent in its operations, is at the same time so genial, beneficent and quiet, and so fits all conditions of men everywhere, that it seems to be no law at all. We only find our mistake when we disregard it, and substitute for it our own petty contrivances. Faith in the idea of national and individual rights under it, lies at the very foundation of the American Government.

But the importance of observing what money is, is immeasurably exceeded by regarding what it does. It is the money's worth, and not the money itself, that so incessantly passes throughout the commercial tides.

More than nine-tenths of the world's commerce consists of the simple exchange of one thing for another, by means of paper instruments conveying, but not themselves, like true money, possessing its real value. Such instruments when they have discharged their appointed service necessarily die and are withdrawn. Every document that traverses the great highway of nations, must have its constituent of real property concurrently in motion to meet it, and by which it is redeemed when the property is sold. The ships that pass each other upon the ocean, bear the substantial things given in traffic one for another by pre-arrangement of their owners, through the offices of merchants and bankers. All their cargoes of whatever they may consist, of useful merchandise, are in effect held in the portfolios of bankers through whom they are exchanged and re-exchanged for their money's worth of other things desired, in any other part of the commercial world. Fortunately, there is no international power that under forms of law can forcibly inject into the world's commerce a fictitious paper intended to perform the offices of money, while not doing the substantial duty of carrying an equivalent value along with it. That stupendous folly can only be perpetrated by individual states, most of whom in the old world have repeatedly tried it, and proved its evil results.

Now what is true of commerce in its larger aspects, is equally true when applied to men living in separate communities. Their wants are the same vital, personal wants, and their rights to supply them are private, personal rights, fairly embraced in those classed as inalienable, such as "life, liberty and the pursuit of happiness, to secure which governments are instituted among men;" and therefore if ever admitting of government interference, it is only when, and only while, life, liberty and happiness are each and all in deadly peril. Having referred to these "self-evident truths," it may not be out of place to say a passing word respecting the only expressed constitutional power of the American Government over money, viz., "Congress shall have power to coin money and fix the value thereof and of foreign coins." This clearly implies the duty while coining our own, of keeping in view the coins of other nations, with reference to commercial relations with them, and of adjusting our own coins in conformity to, or in equivalence with theirs in value, for the better promotion of trade. Certainly this cannot be a power given to impede its commerce by gratuitously throwing this great nation into a debased standard of value as compared with others with whom it must deal. This relation is not one between organized nations themselves, as states, but between individuals composing them, and therefore the chain of connection cannot be arbitrarily broken, nor be permitted to remain needlessly severed, without unequally invading the personal rights of men, both within and without the state.

It is perfectly natural that a nation like ours, having speedily subdued a continent of almost boundless extent and fertility, should regard itself as a self-sustaining power, independent of all others, in its internal methods and resources, and able to set at defiance the principles which ages of experience have else-

where approved. Even if this were so, what is the use of doing it? With all our rapid advance, many other portions of the earth are also rapidly developing new productions, which are fast coming into market to claim a division of profits which this people had begun to estimate as peculiarly their own exclusive reward for supplying the old world with food. But the rapid progress of industry everywhere else, is giving us due warning, that to hold a place of first rank among the nations, we must cultivate commerce with the world at large upon established methods, and carefully keep pace in the line of march with the peoples without, as well as with those within our national boundary.

To have two moneys, or measures different in value, is a waste of capital. The larger proportion of money is best kept an idle and torpid reserve. But it is none the less a treasure of indispensable necessity. Like other reserved forces, it must consist of full vital qualities, and be held in suspense until the exigency arises for which it was provided. And the very fact that great crises suddenly come in commercial affairs, and that they have relations with men beyond the national boundary, makes it all the more necessary that the money of the nation should consist of the universal solvent. To have enough of this, and then to duplicate it by an inferior coin, is at best providing a destructive stimulant, and a most expensive incumbrance. Not to have it, or to diminish the aggregate reserve by dividing the required service between the better and the worse medium, is only to ensure the withdrawal of the first from use at a critical moment, because it is then the safest investment of timid capital, leaving the business community in its utmost need, to suffer the thousand evils of panic and financial derangement. This is now our imminent danger. The shadow of such a prospect is already plainly evident.

But how has it occurred, that a people like ours, of general intelligence, fertile in expedients, with a rich country of boundless resources, and an excess of exportable productions that has created a favorable balance of trade for successive years, sufficient to fill the national treasury and supply every commercial depository with the world's money, now finds itself contending with initial financial questions, and with difficulties ordinarily associated with poverty and want? Why were we not satisfied to "let well enough alone"? The long use, as a substitute for money, of orders upon an empty treasury, emitted without provision for their redemption, and continually reissued and renewed, and which, in an unguarded moment, were deprived of their original right to be funded into the public debt, and were afterwards, at the discretion of Congress, made legally perpetual by the Supreme Court, has unconsciously begotten in the minds of our people a feeling that money itself can be created from any material substance, and that *as money*, a printed promise to pay coin, and the coin itself, are somehow identical in value; that the Government is endowed with power as the master, rather than that it is itself the subject and the servant, of natural conditions. The ordinary results of this fundamental error, fatal without exception in every other place in the world where it had been tried, were miraculously averted here by the exceptional conditions of the country. A large army of energetic men, inured to severe toil and privation, were suddenly transferred from war, and from older states and nations, to the fresh fields of the great West, which in a single year, and year after year, from unbroken solitude, yielded to their labor rich crops of golden fruits, sufficient to turn the commercial balance from the old world to the new. This providential and unlooked-for interposition saved us from our own undoing. Besides all this, the variable monetary conditions of the country, and even the vicissitudes in market prices produced by the alternating volumes of nominal and real money, gave frequent opportunity for the people to take chances in commercial and financial affairs, congenial to all men of adventurous nature, and has schooled our people more or less into the love of speculative enterprises. All these influences, together with the common opinion, that to revive those prosperous days immediately succeeding the war, we must repeat the financial expedients with which they were associated, have created the public sentiment at present so largely prevailing. And so, although the war has since a quarter of a century passed into history, the special compulsory measure most reluctantly adopted by the fathers to carry it on, and avowedly justified by them for that purpose alone, is the one measure most persistently cherished and prolonged by their sons as an approved article of political and financial economy in time of peace. When it is assumed that money can be stamped into being from

paper, by an edict of a republican government, it is easy to conclude that the same omnipotent power can say, "Let one dollar's worth of silver bullion become two coined dollars, or any fraction thereof, and it is done." And this state of public feeling will not easily be changed so long as political power is best secured by reflecting the transient opinions of the people, rather than by a diligent study of economical subjects, by statesmen who will conscientiously impart to their constituents the results of their own careful investigations.

It is also a striking demonstration of the substantial error in these financial expedients, that while commerce is striving with all its might to maintain itself upon the world's standard of value, and instinctively repels such unnatural devices, it is in peril of being overwhelmed by an excessive creation of one of them, and by the reissue of the other, to be used in the enforced payment of the public debt, into which some of the war currency had been safely funded at the lowest rate of interest, thus completely reversing the provision originally made for its entire extinction.

It may seem that in thus referring to Government paper, I am needlessly dwelling upon a thing of the past, not likely to be continued or repeated. But is it so? When this constant and unprecedented creation and storage of silver coins shall exceed the power of treasury resources to retain them, they must be forced out in payment of all Government dues, and become at once the standard measure of the domestic trade of the country. They cannot be mixed together in the commercial currents in any continuous service. Their parity with gold will be destroyed in practice, as it already is in fact. Gold will be withdrawn from use as money and become merchandise, daily more and more cherished for its superior value. *When* this will occur, we all know, is merely a question of time. This will obviously leave a sudden void to be filled by some other medium. It is easy to see that the financial distress produced by this transition will naturally seek relief by an overwhelming demand upon Congress for new issues of the familiar greenbacks, redeemable, if at all, in the same deteriorated silver coin. Thus the two forms of currency will indefinitely increase, become more closely united, and will sink down together. When law thus silently invades established methods, by the compulsory creation of merely local money, law is consistent with itself in demanding that it be used. This second error, the necessary consequence of the first, can only be prevented by firmly withholding the threatened flood, and by revoking the fatal edict—fatal as events have proved, even to the special interest which it was intended to protect. Will this law be repealed? This is the great issue, before which our nation with its business disturbed, now stands halting, neither following the example nor taking counsel with other nations perplexed by the changed aspects of the silver question, and with whose commerce we are inextricably involved. That we should so needlessly inflict upon ourselves such confusion and discord in the simple affairs of life, when every motive points clearly in the opposite direction, is one of the marvels of our time.

Meantime our banks, the special servants of commerce, are pursuing their way as best they can, subject to these conflicting currents. The exchanges of property passing through them, between the people, amounts to more than one thousand million dollars in value per week, and in all these vast aggregates, comparatively little money is used. The currency or paper instruments by which these exchanges are effected, is substantially like that which is used by the world at large. It consists of orders for the transfer of the money's worth of merchandise in whatever form, passing from one person to another by means of deposits and checks, which carry with them their expressed value given or received in the infinite variety of things required in life. These orders or checks, like those used in international commerce, having performed their intended service, become defunct. They are currency redeemed. They have no other vitality than that inherent in the particular property which originates them, and which, to give them validity, must pass concurrently with every one of them from hand to hand. Like tickets for baggage, and receipts for freight, they only facilitate the things conveyed, by the motive power supplied by the banks. If it were possible for any man, by his simple mandate, to enforce his checks upon others, when he had no deposit in bank, he could thus create legal tender currency, which is nothing more nor less than an arbitrary overdraft of resources, a giving of power to expend wealth

in advance of production, and is in effect a derangement and disturbance of the equities among men, reaching far out in its results, through all society. To estimate the larger volume of legitimate currency existing, it is necessary to take into view the property in process of exchange, as it is represented by deposits in banks subject to draft. It is evident that the sum of these, as of any other legitimate currency, has no relation whatever to the number of existing population, but solely to their industrial character and to the results of their labor; and if every person in the great hive of industry who has anything to exchange with others were connected with such an organization, the trade of the community could be effected by this kind of currency alone. The truth is practically recognized every day. Dealers in banks are increasing rapidly in number, and banks are regarded more and more the indispensable agents in the economies of life. Their simple instruments of exchange relieve the public from the personal cares and risks of transporting money, and they accomplish all the objects which any other forms of currency can possibly secure. If there were but one such institution in a given community, and it embraced every inhabitant transacting business, other things being equal, it is plain that but little actual money would be in movement; that the deposits and checks of that institution would, in effect, represent all the property in the community, marketable, or in process of exchange, and that the only money absolutely required would be that which was needed in payment of wages, and that kept in reserve for sudden exigencies, and for the settlement of balances of trade with other communities outside of itself. That such a community would be injured and not aided by creating for itself an arbitrary standard of value, not in accord with those surrounding it, is obvious. As no paper currency can possess commercial vitality beyond that given by its accompanying constituent, so no dead issue can possibly be endowed with commercial life by process of human law. The practical difficulty attending a currency of checks and deposits alone, lies in the fact that to pass a check or to secure creditable relations with a bank, demands a degree of moral standing and personal intelligence not possessed by all the members of a community, and for these a form of currency is needed which easily attests its own authenticity. But this medium is but the smaller part, probably not more than one-tenth, of the aggregate currency required. It should somehow be made to rest upon that same substantial foundation which accredits the great volume of currency of the same community, and which carries along with it the means for its own prompt redemption. If this smaller portion of the currency be unduly expanded or debased, do you not disproportionately raise retail prices and impair the wages of labor and thus afflict the poor? This larger medium of deposits and checks now constitutes the currency of more than nine-tenths of the aggregate business of the country, as other forms of transfer do of the world. Observe the published records of Clearing House movements from week to week. See how the great staples are moved to market! After the simple labor is expended upon them, their value is drawn for, and the drafts deposited in banks from place to place, as they progress towards their destination. Checks upon banks drawn against them for their money's worth are converted by the same process into the money's worth of other needful things, until they reach the place of exportation, when the same paper instrument for international purposes takes another name, although it does the same duty in substantially the same manner through foreign bankers. In all these changes and interchanges of merchandise, the values to and fro may be so nearly equal that little or no money is touched in the process, but it is of vast importance that the standard of value, as money, in which the reckoning is made, shall be kept everywhere the same. All this, so plain in statement, must commend itself as both practical and just. And when you multiply banks over a vast country, and divide this important service among them all, both the principle and the practice remain unchanged. The wonder is that a subject so simple in itself could ever have been so completely enveloped in cloud as to admit of the boundless abuse and mystery that has surrounded this most practical question of life.

But our banks are now subject to special trials and dangers. On the one hand, they are under the highest obligation to persistently continue their efforts to maintain the gold standard of value, which anchors the prices of the countless millions of property annually passing through their exchanges, upon solid commercial

ground, and also secures the validity of existing contracts unto their true intent, and upon the common level of other commercial nations. On the other hand, they are under the dominion of local laws creating a debased dollar, and prolonging indefinitely a paper currency of unsubstantial foundation, which together continually tend to force the financial measure down to a degraded level. Fidelity to the course which a sense of justice and substantial prosperity alike prompt them to pursue, carries with it a feeling of irreverence for, and of insubordination to, the laws of the land. They have waited in hope, and so far in vain, for the legislators of the nation to come to a better mind, and they now rely upon the co-operation of those who so ably administer these peculiar laws, to avert from the business community their almost inevitable consequences. The situation presents a novel spectacle to the world. It is not the first time that the laws of the land and the higher law have been in conflict, in respect to things that are only "made perfect through suffering."

The unity of interest in our banking system throughout the land will be more apparent when we consider that the staples which form the great body of our industrial exchanges are in universal demand, and largely find their markets abroad, and there is no spot, from the place of production to the place of final use, where the measure of value can be changed without confusion and danger. The wages for culture of these products are first entitled to full compensation in the most reliable form of money existing. Anything less than this is the grossest injustice, and a fatal blow at social order (and just here a debased or fictitious currency does the greatest wrong). This first step rightly taken, these productions are in effect placed in custody of banks, which give capital and credit to their money's worth, and permit that value to be drawn out by checks of the depositors, in amounts as their convenience demands. These checks are essentially currency, because their money value in property has by them been made current in commerce. The same property moving on to its next destination, may be there again divided and subdivided and sold, or started further onward with like results; and as it goes forward from bank to bank and from place to place, and is drawn upon, it creates new currency, at the same time, by its proceeds at every subsequent station, discharging that which it had created before, until the port of foreign export has been reached, when it finally becomes the subject of a foreign check or draft at the equivalent in the world's money, and thus discharges all the currency it left behind it. In all this progress there is no legitimate room for dislocation or change of measure, but to be natural and free, all must be uniform throughout.

From the very nature of their duties, every bank will seek to be in kindly relations, more or less responsible, with others in the direction of its trade, and the whole body will then move together as one organism, all finally uniting, directly or indirectly, with those that reside at the commercial centers where international trade goes and comes. These receive and pay the money balances which such trade creates, and the money that they use must be therefore such as will be accepted, as well at its real as at its nominal value, both at home and abroad. It is obvious that two unequal forces of this character cannot work kindly together. Here we reach the place where the United States of America, free and independent, enters into conflict with the world. The banks upon the ocean border where the great waves of commerce within and without meet each other, are now the places of special danger. They perceive, with reference to their own resources, how the rapid increase of debased dollars is continually absorbing the resources of the country by the conversion of the current coin that larger commerce desires, into the local kind which it flatly refuses; while the existing statute inexorably calls for additional monthly sums, irrespective of commercial laws and needs, and demands admission of the swelling volume into the healthful currents of trade.

They dread the day when Government will be compelled to enter the Clearing Houses there, and pay its current obligations in deteriorated money, and thus at once subject the countless articles of human industry exchanged throughout the land, and every existing contract for value, to a local and debased measure of varying value. They see how dextrously the Treasury Department is working as a national wizard in the tireless endeavor to retain a stock of good money, sufficient to keep both kinds of arbitrary currency up to the common level of mankind, anxiously and ingeniously trying to do impracticable things. All this they are

compelled to observe while in daily dread of the inevitable result, in the profoundest sympathy with the men who so bravely maintain the integrity of the nation, and in the hope that an intelligent people will early come to the rescue. And what fancied good to this wealthy nation can possibly be expected by this novel and unequal struggle, which every thoughtful man knows must end in greater disaster the more it is prolonged? Why should the governmental forces be wasted and distressed in this vain contest with the powers of nature, the universal practices of men, and the laws of God, rather than be employed in the easier task of finding the shortest way back to the paths of peace and prosperity?

Fortunately this great question is not one that either of the political parties just now claims as its own peculiar property. Both have split upon it into unaccountable fragments, and both, in undefined apprehension of danger, prefer to seek other issues for consolidation. We may therefore here discuss it as economists, without embarrassment. But its essential importance and vast embrace will inevitably command for it the most absorbing consideration, not as a measure of lower politics, but of higher statesmanship, until it is finally and rightly settled in the national council.

This is not merely a cold question of dollars and cents, but one embracing every department of human welfare. It involves all industry and its reward, making virtuous endeavor variable and uncertain, not dependent on wise forecast and intelligence, but subject to legislative caprice, and to all the influences which enter into the devices of political parties. When currencies part company, their divergence is variable and uncertain. They not only become themselves the subject of speculation and wicked control, but everything they respectively measure and affect is thrown into similar complications. No community can be contented, virtuous or happy under such conditions of life. All business affairs fall into confusion and become games of chance, subject to endless antagonisms and dangers. "*If the foundations be destroyed, what shall the righteous do?*"

While the railroad system is stretching its long lines from every direction, combining one local structure with another, to reach the sea-coast, so as to bring this nation into closer contact with the commercial world, it is a strange anomaly that its legislature should at the same time be gratuitously creating obstacles which interrupt the national exchanges of the merchandise they convey, and embarrass the commerce they secure.

Banks and bankers which perform their duties at the great gates of commerce, must of necessity hold in custody a proper proportion of the money's worth of exchangeable property and of the money itself to meet the variable conditions and demands of trade in either direction. Experience both in the old world and in the new, seems to have proved that as a general rule nearly one-third of the current liabilities of such institutions should be represented by cash in hand, in order to promptly meet the changes and vicissitudes incident to national and social affairs, and that whenever this ratio begins to subside, the expansion of trade can be naturally arrested, and the equilibrium be restored, by charging a higher rate of interest for the use of capital, so as to make property more expensive to carry, and thus to expedite its conversion into money.

It is evident that if merchandise can be thus most advantageously released, it, rather than money, will run into the channels of commerce, and produce the desired international result. It is equally plain, if healthy monetary currents are suspended by the introduction of a false and variable medium, that this commercial gauge and index of trade will cease its natural operation, and no longer give signal of danger. Property will be blindly created and exchanged for other property in unknown proportions, and in profligate ignorance, when the end will be insolvency. The power presumptuously assumed by Government to create money, and to change its value, is thus all the while deceiving the people as to their ability to expend, and producing national disappointment and civil discord. So beneficent in their restraints are natural laws, and the ways of Providence.

But passing from these general considerations respecting banks located at the points of junction of international commerce, permit me to show how intimately these institutions are related to each other, and to those scattered over this vast country. "All are but parts of one great whole." If it be true that a certain ratio of money and of exchangeable property is necessary to hold one commercial locality

in healthful relations with the rest of the world, it is equally true that every institution, of whatever kind, that participates in this service, is under honorable obligation to keep itself in the required condition. The clearing-houses in large commercial cities make all banks there, one in movement, and one in danger. They are therefore bound to be one in general condition and character.

This responsibility rests especially upon those cities to which the lines of commerce from every direction converge, and in the measures of the volume of property thus interchanged.

Those banks are safe whose assets consist of liens upon such property as is readily convertible into money. They are more safe when they possess similar property of their own, to reinforce that which they hold upon deposit for others; and still more so, when an adequate ratio of cash is habitually maintained, to meet all possible exigencies of the situation.

There is a strong temptation to evade and reverse each and all of these conditions, by establishing banks of the smallest practicable capital, who seek to secure the largest measure of deposits by giving special bounties for them, because dividends are more easily earned by borrowing the capital of others, than by possessing it themselves. These are the practices that lead to destructive competition among banks, alienate members of the same clearing-house from each other, and weaken the whole system. They are a producing cause of financial panics and crises, and institutions which commit them, are those that are always first compelled to seek protection from their colleagues. Whenever banking institutions offer premiums for patronage, their stability may be suspected. Banks in commercial centers holding the reserves of the country at large, are especially liable to sudden demands from home and abroad. They are beset with temptations to invest their resources in enterprises promising large profits, but not readily convertible into money. It is manifest that their management requires sleepless vigilance and care. They are entitled from the public to a just discrimination, and from each other to the most honorable and liberal support. They have a right to demand of each other a strict adherence to such practices as will harmonize and consolidate the total strength, and secure prosperity to all, and safety to the country. Rightly understood, these conditions and these results are inseparably united in the business.

By reference to the printed reports of clearing-houses, it will be observed that two-thirds the total value of property changing hands in the United States, passes through banks in the City of New York. So far as those institutions generously hang together and honorably maintain the high standard of business which their exposed situation demands, they present to the nation and to the world the strongest guarantee of safety and stability. The experience of the last thirty years, since they became a more compact and coherent system, has won for them as a body a deservedly high reputation. This result has not been attained by an equal contribution from each member, of business care and character. It has been proved that no institution is large enough to declare independence of its colleagues, and no one so small but it may do irreparable damage to them all. There is a limit to the forbearance which the stronger may exercise towards the weaker in time of trouble, and even the whole bond of union may be broken, when an important portion find it their interest to withdraw.

But the lapse of time and the facilities of commercial intercourse are proving the expediency and the necessity of more general consolidation of the banking interest, not in the central city only, but throughout the land. By their instruments the industries of the nation are chiefly promoted, distributed and exchanged. They are so indispensable to life that no substitute for them is possible. The immediate prospect before them all is not by any means cloudless. They will have to encounter in their service to the public, as agents of all industrial exchanges, the caprices and vicissitudes respecting the legal standard by which all property is valued. Stability of present financial conditions is impossible. These must rapidly decrease, or be early restored. In either event, the banks throughout the land must largely participate in the chances and changes which the business will have to meet and to suffer before a healthy condition can be generally enjoyed.

It becomes us all to keep our respective houses in order, and to work harmoniously together for mutual protection and for the public good.

INQUIRIES OF CORRESPONDENTS.

ADDRESSED TO THE EDITOR OF THE BANKER'S MAGAZINE.

I. RIGHT OF PAYEE OF CHECK TO SUE BANK—GARNISHMENT.

A owes B a note. A transfers his property to C, taking C's check on City bank (C's account being good) payable to A or order. B hears of C's transaction, brings suit against him and garnishees the bank from paying funds in its hands or control to A.

Garnishee papers are served on the Cashier before A presents his check for payment, the Cashier receives the check from the hands of A, and on account of the garnishee of which he informs A, the Cashier being in doubt, refuses payment of the check, and hands it back to A. A in a few minutes thereafter gave the check to D to whom he was indebted, informing him that payment had been refused by the bank on which it was drawn because of the garnishee proceedings. D had A endorse his name on the back of the check and took it, paying A part cash and giving him credit on his account for the balance of the check. D, without endorsing the check, deposited it with the National bank with which he kept his account.

On the next day the National bank, by one of its clerks, presented the check to the City bank for payment which was refused because of the garnishee proceedings, and being in doubt the Cashier of the City bank so informed the Clerk of the National bank at the time. In a few minutes after, about 3 P.M., the President of the National bank, who is also a Notary Public, presented the check to the City bank for payment which was again refused because of the garnishee proceedings, and the President of the National bank was so informed by the Cashier of the City bank, and that he, the Cashier of the City bank, being in doubt, would want time to examine into the matter and determine whether or not under the circumstances he was entitled to pay the check. The President of the National bank wanted to know how long a time—if an hour. To which the Cashier of the City bank replied that he could not tell how long it would take an attorney to examine into the matter and give his opinion; that he thought as Cashier he was entitled to 24 hours in which to decide whether he could under the circumstances pay the check or not.

The National bank by its President as Notary Public at the close of the same day protested the check for non-payment, and brought suit the next day in its own name against C the drawer and A the payee of the check, and on the trial day by leave of the court amended its bill of particulars so as to make the City bank one of its defendants, took judgment by default against C and A, and continued the case as against the City bank to obtain service. Afterwards summons was issued and served on the City bank. At this stage of the proceedings the National bank dismissed the case as to the City bank.

The City bank in response to the garnishee summons, stated the facts in substance as herein stated, leaving the court to decide all questions of liability of the City bank to A and B in the case. The court held the garnishee to be good and ordered the City bank to pay into court the amount of B's judgment against A and costs, the same being less than the amount of the check given by C to A.

Was the action of the Cashier of the City bank in refusing payment to A and returning to him the check and afterwards refusing payment to the National bank right? If not wherein did he err?

Has C good grounds for an action for damages against the City bank for refusing to pay his check? Did the court err in ordering the City bank to pay over the moneys under the garnishee proceedings? Had the National bank any right of action against the City bank?

REPLY.—Among the general rules which govern in cases of garnishment are the following: A garnishee can, ordinarily, be charged only for those debts for which he is liable to be sued by the principal defendant; and cannot be charged in respect of his liability to the principal defendant, upon a negotiable instrument while the same is not over due, and is in condition to be passed by the principal defendant to an innocent third party. The correctness of the decision by which the City bank was charged as garnishee of A depends, therefore, upon whether, at the time of the service of the garnishee process upon the bank, A, as payee of C's check, could have maintained an action on the check against the bank. It is entirely clear that he could not, and that the decision of the court was wrong. The general and better rule, which prevails in most of the States, and in the courts of the United States, is, that the bank is not liable to an action by the payee of a check, before acceptance on certification thereon; and that the mere giving of a check does not work an assignment of the funds against which it was drawn. In some States, however, it is held that the bank is liable to an action by the payee after presentment, demand and refusal to pay; and that upon presentment, an assignment of the drawer's deposit to the amount of the check is perfected in favor of the payee. See a full discussion of the subject in Daniel on Negotiable Instruments, § 1635, *et seq.* Tested by either of these rules, the City bank was not liable to be charged as garnishee of A, because the garnishee process was served upon it before the check was presented for payment by A.

Again, at the time of the service of the garnishee process, the check was not overdue and might have been passed by A to an innocent third party, who would unquestionably have had a better right to the funds than the attaching creditor. It is true that the check was dishonored when payment of it was refused to A upon the first presentment, and that D and the National bank took it as dishonored paper; and their rights in it were no higher than those of A; but in our opinion, this fact could have no effect upon the liability of the City bank to be charged in the garnishee proceedings. That liability depended upon the character of its liability to the principal defendant A *at the time of the service of process upon it*. The latter liability, if any existed, was upon a negotiable instrument not *then* overdue, and so was beyond the reach of a garnishee process. In respect to the action of the Cashier of the City bank it is difficult, in view of the decision actually rendered by the court in the garnishee case, and especially if it is to be a final decision in that case, to say that he erred in refusing payment of the check, though the position taken by him was not, we think, technically accurate. The facts of the case were all well known to him when the check was presented, and required no further investigation; and the question, whether payment was proper, was, under the circumstances, a mere question of law. Theoretically he was bound to know the law, and we think he was bound to decide, at any rate before the close of bank hours on the day of presentment, whether he would pay the check or not; under the penalty of making his bank liable to an action by C in case of an improper refusal to honor the check. Upon the assumption that the court would decide correctly in the garnishee case, we think he would have been justified in disregarding the garnishee process and paying the check to A,

when it was first presented by him. But if he made a mistake in the course pursued by him, the court made another in rendering its decision and the practical effect of the Cashier's action has been, at any rate up to the present time, to prevent the bank's being obliged to pay the check to the extent of B's judgment twice over.

We have no doubt that C has ground for an action against the City bank for its refusal to pay his check, though the question of what damages he can recover is quite problematical. Technically the bank violated its duty to C, in refusing to pay the check, and not being a party to the garnishee suit he is not bound by the judgment rendered in it. But while he is doubtless entitled to nominal damages against the City bank, still the principal ground for damages in such cases is the injury to the credit of the drawer, and the reasons given by the Cashier for not paying the check, were such as to diminish the supposed injury to C's credit caused by the refusal, and can be introduced before the court in mitigation of those damages. C may, however, if he is compelled to pay the judgment recovered against him on the check by the National bank, seek to recover the amount so paid, at any rate to the extent of B's judgment against A paid into Court by the City bank, as part of his damages in an action against the City bank; and unless he is able to do this, it is plain that he will to that extent, have been obliged to pay the amount of the check twice over himself. It is questionable, however, whether C ought in strictness of law be allowed to do this, although it is a case where a jury might be inclined to aid him if possible. His conduct in suffering the suit brought by the National bank against him to go by default was most ill advised. In the first place, the check was dishonored in the hands of A, when payment was refused upon the first presentment, and no notice of this dishonor appears to have been given to C. He was therefore discharged from all personal liability on the check; and the protest made on the next day by the President of the National bank was ineffectual to hold him. In the next place, if the Court decided that the City bank was liable as garnishee of A, in the first suit, it must have allowed the part of the check so sequestered for the benefit of B, as an offset against the claim of the National bank, against C and A in the second suit, because D and the National bank took the check as dishonored paper and with notice of the garnishee proceedings. C therefore should have appeared to the action against him and compelled the allowance of this offset. Upon correct principles the National bank has no claim whatever against the City bank; though the Court, which decided the garnishee case, if suit is brought there, must, to be consistent, decide that the National bank, as the holder of the check, is entitled to recover upon it the balance due after deducting the amount paid by the City bank as garnishee of A.

The facts stated in this inquiry appear to us to present a case of "confusion worse confounded," principally caused by the improper decision rendered by the Court in the garnishee proceedings. We think the only proper course under the circumstances for the City bank is to appeal from that decision, and to secure its reversal if possible. Otherwise it must take its chances of the damages which C may recover in an action, which if he is compelled to pay anything to the National bank, on its judgment against him, he will no doubt bring against the City bank.

II. NOTE PAYABLE ON OR BEFORE OCTOBER.

We have sent to us for collection a note, of which the following, suppressing names, is a copy:

"\$25.00.

Township of, Sept. 15, 1885.

"On or before October, 1886, I promise to pay John Smith or bearer twenty-five dollars, waiving all benefit of valuation or appraisal laws, for value received, with interest. Payable at First National Bank, Honesdale, Penn.

"I own 100 acres of land."

(Signed) JOHN DOE.

(") RICHARD ROE.

The "on or before October, 1886," is printed in the note and it is listed to us as maturing October 1-4

We claim that where the limit of time is fixed at a calendar month, instead of a day, that the payer is entitled to the whole month so specified and three days' grace, and that this note is not due or protestable until Nov. 3. Am I correct?

REPLY.—We have been unable to find any authority upon this question, and have no decided opinion upon it. We should infer from the form of the note that the day of the month had been omitted after the word "October." Upon that assumption, the only analogous case which occurs to us is the one cited in Daniel on Negotiable Instruments, § 88, of a note payable "—— months after date," which, being payable in an indefinite time, was held in law payable on demand. Upon the same principle, this note being payable on or before an indefinite and unspecified day in October, we should regard it as payable on demand at any time during the month of October, and protestable on any day during the month at the option of the holder.

III. SURETY FOR ACCEPTOR NOT ENTITLED TO PROTEST.

Please give me your opinion as to whether the following draft should be protested or demand of payment made in order to hold James Jenkins.

\$300.00.

Chicago, Ill., May 4, 1886.

Six months after date pay to the order of J. Smith & Co. three hundred (300) dollars, for value received, and charge to account of J. SMITH & Co.

To HENRY BURKE. Security JAMES JENKINS.

Across the face was written the following: Accepted, HENRY BURKE.

JAMES JENKINS, Security.

You will see that Jenkins signs as security for Burke, the acceptor. Does the word "Security" make Jenkins' liability anything more than that of an endorser?

REPLY.—Upon acceptance of the draft Henry Burke becomes in fact the principal debtor upon the paper, like the maker of a promissory note, and James Jenkins stands in the position of one who has signed a promissory note jointly with the maker, but describing himself as surety for the maker. Technically, the effect of this is to make him jointly liable with the maker, and at the same time to give notice to the holder that *as between themselves* the two signers of the note bear the relation of principal and surety. In this case, James Jenkins is technically a joint acceptor of the draft with Henry Burke, and a protest of the draft is not necessary to hold him. His liability is quite different from that of an indorser.

FORGED NOTES.—The forged Bank of England notes which have been circulated on the Continent, and perhaps elsewhere, are finding their way to London, and are there marked "forgery" at the bank. They are so well done, both as to engraving, paper-mark and paper, that it requires an expert to tell the real from the false. The severe simplicity of the Bank of England note has not been altered since its first issue in the seventeenth century.

BANKING AND FINANCIAL ITEMS.

AT a meeting of the Board of Directors of the Corn Exchange Bank of New York, on Sept. 15, 1886, the following preamble and resolutions were adopted :

Whereas, We have to record with sincere regret the death of our esteemed friend and associate, Effingham Townsend, Esq., who had been a director of the bank since its organization, in 1853, and intimately connected with the management of its affairs for more than thirty years ; therefore be it

Resolved, That by the death of Mr. Townsend this bank has suffered the loss of a prudent and sagacious counselor, one who has left an unblemished character as an honorable merchant and a man of unusual ability, and who, as a citizen, has enjoyed the respect and esteem of this community.

Resolved, That the foregoing preamble and resolutions be published, and that a copy of them be sent to the family of the deceased, to whom we extend this evidence of our sympathy and condolence.

F. KLOECKNER, INVESTMENT BANKER, NO. 4 BROAD ST.—The rapidly growing wealth of the American people is forcibly illustrated by the constant demand for reliable securities in which to invest surplus funds, and it is naturally to the great city of New York that investors turn to seek the best terms and the most substantial classes of securities. In connection with these remarks, the attention of our readers and the public is directed to F. Kloeckner, dealer in first-class securities. Mr. Kloeckner has been engaged actively in this business for the last 16 years in the metropolis, and is widely known and highly respected in financial circles. His offices, located at No. 4 Broad street, are very central and convenient to the principal banks, trust companies, and the Stock Exchange. Mr. Kloeckner has made the dealing in first-class railroads, State, and municipal bonds a prominent specialty, and offers opportunities for the purchase of guaranteed dividend-paying bonds and stocks which are unsurpassed.

It is generally conceded that a more fit man than George H. Burford could not have been chosen to succeed the late Timothy H. Brosnan as President of the United States Life Insurance Company. The Board of Directors of the company elected Mr. Burford President by unanimous vote, thus fitly recognizing his long and faithful service and capability for the office. Mr. Burford has been with the United States Life for over twenty-one years, and during a large part of that time was Actuary of the company. On Mr. Brosnan's recent return from Europe, and when it became evident that his health was seriously impaired, he received an extended leave of absence, and Mr. Burford was at that time elected Vice-President, to act as President during Mr. Brosnan's absence. He has ably conducted the affairs of the company since that time, and the vote of the Directors changes his title only, for he possesses thorough familiarity with the duties of the President's office.—*N. Y. Spectator*.

EVILS OF SPECULATION.—The Boston *Advertiser*, in writing about the recent heavy defalcations in that vicinity, says : "The wiping out of fortunes, the destruction of honored reputations, the betrayal of trusts, the sharp blows to a great community, have all come from speculation. An inordinate desire to be rich, to build up fortunes, to live in luxury, to maintain great establishments, seems to be the mania of the day. The passion for money, to be used in extravagance and show, is the mainspring which supplies the cause for these crimes, against which all the sentiment of honor as well as the selfishness of safety seem to be powerless. Ostentation, expenditure and display, in themselves no worse than weaknesses, are the initial steps to wrongdoing and disaster, leading through the easy path of speculation to ruin. The hazarding of great stakes upon chance, speculation in the hope of retrieving losses, are the apparently easy hand-maidens waiting upon ambition, but how seldom do they, sooner or later, fail to become the Fates of those whom they appeared to serve, and how suddenly do they snap the thread which they weave !"

TREASURY FINANCES.—The month of September has been one of large receipts from customs and internal revenue, and has witnessed a slight gain of gold and a large output of silver from the Treasury. The debt reduction is estimated at about \$11,000,000. The receipts were about \$32,000,000, the expenditures about \$21,000,000. The Treasury holds about \$6,000,000 less of silver than one month ago. The output of the new silver certificates was large, and the standard dollar circulation was increased from \$56,692,000 to \$59,635,000. The Treasury believes that the standard dollar circulation can be forced above \$60,000,000, perhaps to \$65,000,000, but that such result cannot be long maintained. The legal tender holdings increased about \$1,000,000 this month.

THE GUARANTEE COMPANY OF NORTH AMERICA has sent out a hand-bill (with photograph and description) offering \$500 reward for the delivery to the police authorities of Philadelphia, of James Alexander Lesley Wilson, the absconding Treasurer and Secretary of the Chesapeake & Delaware Canal Company of that city. Meanwhile the Guarantee Company has forwarded its check for \$10,000 in discharge of the bond issued by it on Wilson's behalf. In the letter forwarding the check, Manager Rawlings says: "In handing you this check, the directors desire me to convey their great regret at the extensiveness of the frauds committed by the said Wilson upon you, and they desire me to add that they wish to co-operate with you in a vigorous pursuit of Wilson, and will join you to the extent of \$500 in any reward you may offer for his apprehension. In addition, they will be happy to place at your service the organization of this company in any and every way in order to secure the due punishment of Wilson." In this business-like fashion the Montreal Company invariably conducts its business, and thereby has deservedly secured the confidence of those who can thus safely rely upon its bonds of suretyship.

BANK CIRCULATION.—The following letter has been written by W. W. Flannagan, Cashier of the Commercial National Bank of New York, in response to the following questions by the Comptroller of the Currency: 1. "How can the banks be released from the obligation to invest a portion of their capital in United States bonds, yet retain the power to issue a thoroughly secure circulation?" 2. "How can the National Bank circulation be made, what it ought to be, the elastic element in our national currency?" The problem to be solved, says Mr. Flannagan, is to provide, 1. A circulating medium, available for the whole country. 2. Absolute security therefor. 3. A flexibility of volume according to the requirements of trade. We cannot have the first under a State-banking system. We cannot have the second by a pledge of Government bonds, as now, and also pay the National debt. We cannot have the third, by any direct issue of the Government, unless it also adds the discount of business paper to its other functions. Therefore, we must have a national system of banking, with a bank circulation, if we can find the absolute security. Heretofore the security has been in the shape of an interest bearing debt of the Government, and this interest received has been the inducement to banking capital to adopt the National banking system. With the discontinuance of this interest the inducement ceases, and as it goes without saying, that some inducement must be offered, I suggest the utilization of the profit from the coinage of silver for this purpose—not that the National banks shall be the beneficiaries. It is my profit for I shall suggest nothing of the kind, but that this margin of profit shall be the basis for the increase of circulation over and above the actual bullion deposited as security, and that the coinage itself shall only take place when a bank shall go into the hands of a receiver; or, to state the proposition as applied to a single case, authorize a National Banking Association to deposit silver bullion with the Treasury as the security, limited in amount by its capital and surplus, and by pledging its assets, allow an issue of circulating notes to the coin value of such bullion. The silver men in Congress have shown their determination and their ability to retain the compulsory purchase of silver by the Government, notwithstanding the recommendation to the contrary in three or more successive reports from the Bureau of the Comptroller of the Currency, and the protest of three successive Bankers' Conventions, professing to represent the moneyed interests of the country. The banks might as well realize this fact, and themselves furnish the market for silver bullion, thus converting enemies into friends, and at the same time prolong their existence, as well as provide a redeemable circulating medium, on a gold basis.

NEW BANKS, BANKERS, AND SAVINGS BANKS.

(Monthly List, continued from September No., page 231.)

<i>State.</i>	<i>Place and Capital.</i>	<i>Bank or Banker.</i>	<i>Cashier and N. Y. Correspondent.</i>
ARK....	Forest City	Bank of Eastern Arkansas	Fourth National Bank.
	\$30,000	Jesse W. Wynne, <i>Pr.</i>	Chas. H. Sanders, <i>Cas.</i>
CAL....	Pasadena.....	Home Bank.....	National Park Bank.
		J. A. Guild.	
" ..	San Francisco..	Crocker-Woolworth N. B.	National Park Bank.
	\$1,000,000	Ralph C. Woolworth, <i>Pr.</i>	Wm. H. Crocker, <i>Cas.</i>
" ..	Santa Rosa	Santa Rosa National B'k.	.....
	\$100,000	E. W. Davis, <i>Pr.</i>	Lewis M. Alexander, <i>Cas.</i>
DAK....	Alpena.....	Smith & Brooks.....	.....
" ..	Ardoch.....	Bank of Ardoch.....	Gilman, Son & Co.
	\$10,000	Ernest R. Jacobi, <i>Pr.</i>	Fred. L. Streit, <i>Cas.</i>
IDAHO..	Wordner.....	Bank of Murray (Branch).	.....
		A. J. Atchison, <i>Cas.</i>	
KAN....	Atwood.....	Western Bank.....	Third National Bank.
		O. J. Dean.	
" ..	Ashland.....	Winton & Deming St. B.	.....
	\$30,000	C. F. Winton, <i>Pr.</i>	Herbert E. Taylor, <i>Cas.</i>
" ..	Belleville.....	American Exchange B'k.	National Bank of Republic.
	\$75,000	M. C. Hubbard, <i>Pr.</i>	H. M. Hubbard, <i>Cas.</i>
" ..	Coffeyville.....	C. M. Condon & Co.....	Chemical National Bank.
	\$50,000	Chas. M. Condon, <i>Pr.</i>	Chas. M. Ball, <i>Cas.</i>
" ..	Caney.....	Caney Valley Bank.....	First National Bank.
	\$100,000	Geo. Slosson, <i>Pr.</i>	Perry S. Hollingsworth, <i>Cas.</i>
" ..	Galva.....	Bank of Galva.....	Chemical National Bank.
	\$12,000		Geo. W. Hanna, <i>Cas.</i>
" ..	Hill City.....	Citizens' Bank.....	.....
		H. A. Coffin, <i>Pr.</i>	H. A. Coffin, Jr., <i>Cas.</i>
" ..	Hutchinson....	Bank of Hutchinson.....	Bank of North America.
	\$50,000	Willard H. Bohart, <i>Pr.</i>	J. R. Pope, <i>Cas.</i>
" ..	Irving.....	Marshall County Bank....	J. H. Davis & Co.
		Henry A. Swift, <i>P. & C.</i>	
" ..	Independence..	White's Bank.....	First National Bank.
		G. A. White, <i>Pr.</i>	Wm. White, <i>Cas.</i>
" ..	Junction City..	H. L. Harris & Co.....	First National Bank.
		G. B. Harris.	
" ..	Mankato.....	Jewell County Bank.....	Chemical National Bank.
	\$35,000	(La Mar & Goodrich).	
" ..	Marquette.....	Smoky Valley Bank.....	.....
		(Heath, Darrah & Co.)	Wm. W. Russell, <i>Cas.</i>
" ..	Richfield.....	Morton County Bank....	Corbin Banking Co.
	\$12,500	Frank Bentley, <i>Pr.</i>	J. W. Robinson, <i>Cas.</i>
" ..	Voltaire.....	Bank of Voltaire.....	.....
	\$10,000	Calvin P. Russell, <i>Pr.</i>	S. W. Pennington, <i>Cas.</i>
" ..	Waterville....	Commercial Bank.....	National Bank of Republic.
	\$35,000	James M. Searles, <i>Pr.</i>	O. D. Hall, <i>Cas.</i>
" ..	Wellsford.....	Kiowa County Bank.....	Hanover National Bank.
	\$50,000	J. H. Evans, <i>Pr.</i>	A. C. Morris, <i>Cas.</i>
KY....	Leitchfield....	Grayson County Bank....	United States National Bank.
	\$25,000	G. W. Long, <i>Pr.</i>	R. C. Hazelip, <i>Cas.</i>
MASS...	Medford.....	Medford Collection Co...	First National Bank.
		L. O. Jones, <i>Pr.</i>	W. A. James, <i>Manager.</i>
MICH...	Ironwood.....	Bank of Ironwood.....	.....
	\$10,000	(O. E. Karste.)	O. E. Karste, <i>Cas.</i>
MINN...	Mankato.....	Mankato National Bank	.....
	\$100,000	Daniel Buck, <i>Pr.</i>	John R. Thomas, <i>Cas.</i>
" ..	St. Paul.....	West Side Bank.....	Mercantile National Bank.
	\$50,000	Joseph Minea, <i>Pr.</i>	Geo. H. Hosmer, <i>Cas.</i>

<i>State.</i>	<i>Place and Capital.</i>	<i>Bank or Banker.</i>	<i>Cashier and N. Y. Correspondent.</i>
MISS....	Yasoo City.....	First National Bank.....	.....
	\$50,000	L. Lippman, <i>Pr.</i>	L. B. Warner, <i>Cas.</i>
MO.....	Kingston.....	City Bank.....	Kountze Bros.
		A. J. Williamson, <i>Pr.</i>	Joel E. Brown, <i>Cas.</i>
" ..	St. Louis.....	Wm. C. Little & Co.....	.....
NEB....	Hastings.....	Farmers' Bank.....	Fourth National Bank.
		Geo. H. Johnson, <i>Pr.</i>	T. A. Snow, <i>Cas.</i>
" ..	Leigh.....	Maple Valley Bank.....	National Bank of Republic.
		(Bolton & Whiting.)	.....
" ..	Platte Centre...	Platte County Bank.....	Chemical National Bank.
	\$25,000	John P. Dorr, <i>Pr.</i>	Geo. H. Stevenson, <i>Cas.</i>
N. MEX.	Silver City.....	First National Bank.....	.....
	\$50,000	Chas. H. Dane, <i>Pr.</i>	.....
PA.....	Philadelphia....	Fourth Street Nat. Bank.	Fourth & National Park Bank.
	\$1,500,000	Sidney F. Tyler, <i>Pr.</i>	R. H. Rushton, <i>Cas.</i>
TEXAS..	Comanche.....	First National Bank.....	.....
	\$50,000	H. R. Martin, <i>Pr.</i>	T. C. Hill, <i>Cas.</i>
WYO....	Buffalo.....	Johnson County Bank...	National Park Bank.
		(Leopold Moss & Co.)	.....
" ..	Douglas.....	First National Bank.....	Hanover National Bank.
	\$75,000	De Forest Richards, <i>Pr.</i>	J. W. Foster, <i>Cas.</i>

OFFICIAL BULLETIN OF NEW NATIONAL BANKS.

(Continued from September No., page 234.)

<i>No.</i>	<i>Name and Place.</i>	<i>President.</i>	<i>Cashier.</i>	<i>Capital.</i>
3554	First National Bank..... Silver City, NEW MEXICO.	Chas. H. Dane,	.....	\$50,000
3555	Crocker-Woolworth Nat'l Bank. San Francisco, CAL.	Ralph C. Woolworth,	Wm. H. Crocker,	1,000,000
3556	First National Bank..... Douglas, WYO.	DeForest Richards,	J. W. Foster,	75,000
3557	Fourth Street National Bank... Philadelphia, PENN.	Sidney F. Tyler,	R. H. Rushton,	1,500,000
3558	Santa Rosa National Bank..... Santa Rosa, CAL.	E. W. Davis,	Lewis M. Alexander,	100,000
3559	Kingman National Bank..... Kingman, KAN.	Edgar Henderson,	John A. Cragin,	75,000
3560	First National Bank..... Albert Lea, MINN.	Gilbert Gulbrandson,	Daniel W. Dwyer,	50,000
3561	First National Bank..... Comanche, TEXAS.	H. R. Martin,	T. C. Hill,	50,000
3562	Mankato National Bank..... Mankato, MINN.	Daniel Buck,	John R. Thomas,	100,000

HOW TO BUILD A RAILROAD.—The modern way of building a railroad on nothing and making it a paying enterprise to the projectors is well illustrated in the case of the Arkansas Central narrow gauge road, costing for the 48 miles constructed and equipped less than \$10,000 a mile. From the counties and cities along its line the owners obtained bonds and grants to the amount of nearly \$500,000. The State gave it \$160,000 for arranging that the bed could be utilized for levee purposes, and lent it \$1,350,000 worth of State bonds. The road was then bonded for \$2,500,000 and a considerable amount of stock certificates issued. Then the road made default in payment of interest, and a receiver was appointed, who made a liberal issue of certificates for completing and repairing it. Then it was sold at auction, and bought in for \$40,000—in receivers' certificates, purchased at a heavy discount. Any syndicates desiring to go into the railroad business should cut this out for future reference.—*Omaha Bee.*

CHANGES OF PRESIDENT AND CASHIER.

(Monthly List, continued from September No., page 233.)

<i>Bank and Place.</i>	<i>Elected.</i>	<i>In place of</i>
N. Y. City... Chatham National Bank..	W. H. Straun, <i>Ass't Cas.</i>	.....
" .. Gallatin National Bank.....	D. H. Mulford, <i>Ass't Cas.</i>	.....
DAK... First National Bank, Bismarck.	O. H. Whitaker, <i>Cas.</i>	G. H. Fairchild....
" .. Deadwood Nat. B., Deadwood.	Ben Baer, <i>V. P.</i>	.....
" .. First National Bank,	G. A. Ulnie, <i>V. P.</i>	.....
Dell Rapids. }	M. R. Kenefick, <i>Cas.</i>	F. J. Eighmey.
" .. Beadle County National Bank }	John W. Vrooman, <i>Pr.</i>	E. F. Dutton.
Huron }		
DEL.... Central National Bank,	Sam'l McClary, Jr., <i>Pr.</i>	John H. Adams.*
Wilmington. }	Phillip Plunkett, <i>V. P.</i>	Sam'l McClary, Jr.
ILL.... Citizens' Nat'l B'k, Princeton.	E. S. Ferris, <i>Ass't Cas.</i>	.....
" .. Illinois National Bank,	John Williams, <i>V. P.</i>	.....
Springfield. }	Frank Reich, and <i>V. P.</i>	.....
IOWA... Bank of Neola,	A. A. Watts, <i>Pr.</i>	J. H. Henry.
Neola. }	Henry Rustin, <i>Cas.</i>	Leander Lodge.
KANSAS. First Nat. Bank, Arkansas City	Calvin Dean, <i>V. P.</i>	.....
" .. Harper National Bank, Harper.	A. M. Dumay, <i>Ass't Cas.</i>	B. J. Wrightman..
MASS... Merchants' National Bank.....	A. P. Weeks, <i>Cas.</i>	Geo. R. Chapman.
MICH... Merch. & M'frs' N. B., Detroit	J. Henry Cleveland, <i>A. C.</i>	.....
MISS... Capital State Bank, Jackson...	S. T. Barnett, <i>Pr.</i>	Thos. E. Helm....
MINN... Lac qui Parle County Bank, }	H. L. Hayden, <i>Pr.</i>	.....
Madison. }	P. G. Jacobson, <i>Cas.</i>	.....
MO..... Bank of Edina,	P. B. Linville, <i>Pr.</i>	E. V. Wilson.
Edina. }	J. E. Adams, <i>Cas.</i>	P. B. Linville.
MONT... First Nat'l Bank, Fort Benton.	C. E. Conrad, <i>Cas.</i>	E. G. Maclay.....
" .. First Nat'l Bank, Miles City...	H. F. Batchelor, <i>Cas.</i>	F. E. Hammond...
NEB.... Commercial National Bank, }	A. P. Hopkins, <i>Pr.</i>	Esra Millard.*
Omaha. }	Alfred Millard, <i>Cas.</i>	A. P. Hopkins.
F. B. Bryant, <i>Ass't Cas.</i>	Alfred Millard.	
" .. First National Bank, Arapahoe	Henry Chamberlin, <i>Cas.</i>	O. L. Allen.
" .. First National Bank, N. Auburn	H. H. Waite, <i>Ass't Cas.</i>	.....
N. Y. .. Citizens' National Bank, }	Peter U. Fowler, <i>Pr.</i>	Jonathan Vail.*
Yonkers. }	Peter J. Elting, <i>V. P.</i>	Peter U. Fowler.
N. C... Bank of Oxford, Oxford.....	W. H. Hunt, <i>Cas.</i>	W. B. Gulick.
PENN... First National Bank, Gettysburg	Sam'l L. Bushman, <i>Cas.</i>	Robt. Bell.
" .. First National Bank, Indiana...	Thomas Sutton, <i>Pr.</i>	John Prothero.
" .. Tenth National Bank, Phila...	Walter Scott, <i>Cas.</i>	R. H. Rushton.
TENN... Farm. & Merch. N. B., Clarksv'le	J. J. Crusman, <i>Pr.</i>	Horace H. Lurton.
TEXAS .. Abilene National Bank, Abilene.	J. G. Lowdon, <i>Cas.</i>	J. C. Lackland.
" .. City B'k of Sherman, Sherman.	A. W. Byers, <i>Cas.</i>	C. C. Jones.
W. VA. Charleston N. B., Charleston	E. A. Reid, <i>Cas.</i>	W. B. Seaton.
WIS... Bank of Sparta,	Ira A. Hill, <i>Pr.</i>	Thomas B. Tyler.*
Sparta. }	E. H. Canfield, <i>V. P.</i>	Ira A. Hill.

* Deceased.

MR. WM. C. LITTLE, who has been on Wall street, New York, for over three years, and who is well known among St. Louis business men, has returned to that city, and will devote his attention to the banking house of Wm. C. Little & Co., 205 North Third street. The house does a banking and brokerage business in all its branches, and gives special attention to local securities and investment bonds. Mr. Little's experience in the business will be a strong factor in securing success, and his friends will give him a hearty welcome.

CHANGES, DISSOLUTIONS, ETC.

(Monthly List, continued from September No., page 232.)

N. Y. CITY.....	Handy & Cronise; succeeded by Handy & Harman.
FLA.... Pensacola..	F. C. Brent; now F. C. Brent & Co.
GA..... Atlanta.....	John H. James & Co.; now J. H. & A. L. James.
ILL.... Raymond.....	John Green; succeeded by Bank of Raymond.
IOWA... Manning.....	Bank of Manning (Henshaw Bros.); suc. by A. T. Bennett.
" .. Menlo.....	Exchange Bank (Stults & Co.); succeeded by S. F. Stults.
" .. Murray.....	Murray Bank (Cowles & Riley); now Riley, Simmons & Co.
" .. Osceola.....	E. F. Riley; succeeded by Riley, Simmons & Co.
KAN... Greenleaf.....	Bank of Greenleaf; now First National Bank.
MASS... Boston.....	Edwin H. Corey; succeeded by Joseph Davis, Corey & Co.
MICH... St. Louis.....	Bank of St. Louis (Kneeland & Smith); succeeded by F. G. Kneeland.
MINN... Albert Lea.....	City Bank; succeeded by First National Bank.
NEB.... Broken Bow.....	Custer Co. National Bank; gone into voluntary liquidation.
" .. Omaha.....	Garlicks & Johnson; now Bank of Commerce.
VA..... Culpeper.....	Rixey Brothers will soon change to National Bank.
WYO... Douglas.....	Richards Bros. & Brown; succeeded by First National Bank.

JOHN J. BECK resigned on the 4th day of August last as Cashier of the National Bank of Sturgis, of Michigan. For twenty-two years he has held the responsible position of Cashier here, and he has performed his duties as Cashier well and faithfully. Much of the success of the bank is attributable to the quiet, gentlemanly, courteous manner in which he conducted the business, and his whole life and career has been a credit and an honor to himself and his family. The directors and stockholders of the bank accepted his resignation with regret, and resolutions to that effect were drafted.

The reports of the New York Clearing-house returns compare as follows:

1886.	Loans.	Specie.	Legal Tenders.	Deposits.	Circulation.	Surplus.
Sept. 4...	\$339,106,600	\$70,258,300	\$23,150,100	\$345,951,900	\$8,061,800	\$6,920,425
" 11....	337,631,800	73,159,400	20,901,800	345,708,500	8,060,600	7,634,075
" 18....	337,307,600	74,092,200	20,033,000	345,772,300	8,107,400	7,684,125
" 25....	337,485,700	76,642,800	19,214,000	347,095,700	8,138,700	9,079,875

The Boston bank statement is as follows:

1886.	Loans.	Specie.	Legal Tenders.	Deposits.	Circulation.
Sept. 4....	\$140,902,900	\$9,514,500	\$2,863,500	\$96,889,200	\$15,696,900
" 11.....	141,052,800	9,374,600	2,895,300	97,774,200	15,809,800
" 18.....	141,391,600	9,216,400	3,068,700	99,947,900	15,709,100
" 25.....	141,579,100	9,120,600	3,058,000	98,998,700	15,689,500

The Clearing-house exhibit of the Philadelphia banks is as annexed:

1886.	Loans.	Reserves.	Deposits.	Circulation.
Sept. 4.....	\$87,397,900	\$22,008,700	\$82,628,000	\$5,515,500
" 11.....	87,269,000	22,599,900	83,194,200	5,596,583
" 18.....	87,743,700	22,443,800	84,320,500	5,604,530
" 25.....	87,424,600	23,476,100	85,019,500	5,607,300

FLUCTUATIONS OF THE NEW YORK STOCK EXCHANGE, SEPTEMBER, 1886.

Opening, Highest, Lowest and Closing Prices of Stocks and Bonds in September.					RAILROAD STOCKS.				MISCELLANEOUS.					
	Open- ing.	High- est.	Low- est.	Clos- ing.		Open- ing.	High- est.	Low- est.	Clos- ing.		Open- ing.	High- est.	Low- est.	Clos- ing.
GOVERNMENTS.					RAILROAD STOCKS.					MISCELLANEOUS.				
Interest Periods.														
Quarterly														
Mar.														
Jan.														
Feb.														
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NOTES ON THE MONEY MARKET.

A FINANCIAL AND COMMERCIAL REVIEW.

The indications noted in our last number, of marked improvement in the general business of the country during the past month, have been fully verified. Not only this, but bull speculation has been stimulated thereby in many of the branches of business, while the bear tendency that had prevailed for three years or more has been checked in nearly all speculative articles. The most notable instance of this has been in the railroad stock market, which has experienced a genuine boom based upon the greatly and generally increased earnings of the railroads of the whole country and especially of those in the grain sections.

In our last we explained at length the crop situation and results of the harvest, present and prospective, in their bearings upon our export trade, foreign exchange and money market, including gold imports and the dividend earning power of our railroads. Especially was the near prospect of largely increased railroad earnings, consequent upon the early and free movement of the crops, pointed out. Those predictions have been more than verified. The result is seen in increased dividends by the old dividend payers, while a goodly number of non-dividend stocks have been added to the list of investment securities. These facts, together with the harmonizing of the opposing interests represented by the Gowen and the Drexel parties in the proposed reorganization of the great Reading property, have caused the sharpest advance in the stock market since the West Shore reorganization scheme was carried through, over a year ago. The result has been the highest prices yet made on most stocks, and the market has widened and the public has come into the market again for the first time since Vanderbilt's death checked the West Shore boom last fall. In many respects the two cases were parallels. There could be no permanent peace nor genuine prosperity to the trunk lines so long as the bankrupt West Shore had the power to make freight rates for the solvent roads. So the coal roads, the next most important system in the country to the trunk lines, could not maintain the prices of coal so long as the greatest producer and carrier was bankrupt and was only compelled to pay running expenses. When this wet blanket on the coal trade was lifted, therefore, with the adoption by the chief parties in interest, of a plan of reorganization that should place the key of the coal trade and of the coal roads upon a sound and paying basis, there was good ground for another boom in the coal stocks especially, while the increased earnings of the Granger and trunk line roads, was the basis of a renewal of the advance from the point to which these stocks were carried by the West Shore rise. This has been brought about by the maximum movement of good crops, however, and little increase from this time can be expected. It is true that people look for the trunk lines to do better after the close of inland navigation when rates are advanced. But this will not hold good this year, for there has been all the freight the land and water routes could carry both ways at good rates, which have as a rule been well maintained the past two months.

The stocks of grain at the seaboard are rapidly increasing and will be large enough at the close of navigation to supply any ordinary export demand during the winter, together with ordinary rail receipts. Hence, should the roads advance rates, this would not be likely to increase their earnings during the winter. From these facts it would appear that what we correctly predicted a little later than this, last fall, of the West Shore, is now equally true of the Reading reorganization advance; namely, that it has nearly if not fully discounted the cause, for, if carried farther, it will necessitate rates of freight and prices for coal that the commercial and manufacturing interests cannot stand. In other words, it would be the absorbing by the railroads all the improvement in the business of the country instead of sharing it with those interests on whose prosperity that of the railroads and the coal trade depend. These must all move up the grade of improvement hand in hand, and as the earnings of the transportation interests increase, so must those of the commercial, financial and manufacturing and industrial interests. Already the rates for money have advanced their full proportions, as well as the prices of stocks based upon their dividend-earning power with money at 6 @ 8 per cent. instead of 2 @ 4 per cent. as a year ago.

Wages have in some cases been advanced in proportion to the rates for money and the earning power of railroads. But this has not been general, and they will have to be equalized. The inland water transportation interests have gotten their share of the improvement to date, with the railroads. But ocean transportation interests have not yet secured their share, for they have been as badly depressed by lack of business for their increased carrying capacity, as have the railroads. This process of equalization of land with ocean freight rates is now under adjustment, and has seriously checked our export trade the past month. There have been orders for our wheat and corn in our markets all the month past, sufficient to have kept the volume of exports up to those of August. But the scarcity of, and higher rates for ocean tonnage have reduced the shipments of wheat one-third to one-half.

As a result, our stocks have accumulated under the free movement of the crops, and the prices of grain have declined under increased receipts and decreased shipments. But this decline has more than been absorbed by the steady advance in ocean freights, all of which has so far been paid by wheat, until that and our other cereals are lower than last year, notwithstanding Europe has 25 per cent. smaller crops, which deficit must be drawn from us. While the other exporting countries of the world have all much less to give her than last year, and we alone have more, we are getting no improvement in prices corresponding with the world's reduced supply. It is plain, therefore, that the agricultural as well as commercial classes are not getting their share of the improvement in the general business of the country. The prices of produce and the margin of profit for moving it to market must therefore advance and increase as well as ocean freights and wages of the industrial classes generally, before the railroads can ask for any greater share of the general improvement of business.

Any material further advance in stocks, therefore, that would necessitate higher rates of freight to pay dividends upon a basis of 6 per cent. or more for money, would react on the roads themselves and reduce instead of

increase their earning power by checking instead of increasing the business that pays them tribute.

It would also aggravate the money stringency by requiring more to carry them, and withdraw and lock up that much more in speculation, from legitimate business that demands the help of the banks first and the speculators afterwards. Not only this, but anything that checks exports—as do high rates of freight—checks also the imports of gold and adds to the money stringency. From every point of view, therefore, except that of the speculators and stock jobbers, any further advance in the prices of stocks in the present conditions would be a handicap on all other interests, that would react on the railroad interests themselves before another three months should have passed away.

The increase in the reserve of the banks, as shown in the last statement after a long period of reduction in the surplus, notwithstanding this heavy movement of the crops, which has probably reached its maximum, would seem to indicate that the worst of the money stringency is over, unless speculation aggravates it. The foreign exchange market has been held in its present position by steady and heavy buying of our stocks by London and some of the Continental markets, which has offset the falling off in commercial bills since August by an increase of bankers' bills against these purchases of stocks, which were only sold early in the month for a week or so on the European war scare over the Bulgarian controversy. During the month also the reaction in the silver market of London to 45 shillings, and its effects on Indian Exchange, will help American Exchange by giving American wheat an advantage of five cents per bushel over Indian as compared with last year. This and other conditions have so changed since a year ago that, all considered, American grain of all kinds, and especially wheat, are now cheaper than those of any other country. This, together with a preference for our markets by Europe over any others than her own, insures us a good market and export demand for our crops, though it can and may be delayed until the next calendar year, unless a cessation of the bear raiding of our produce markets by the bear speculators in Chicago, and an equalization of ocean with land freights, shall bring the demand—so soon as the present rush of the first movement of our wheat crop to market and that of Europe shall be over. This is looked for by November 1st, and is liable to happen any day.

As indicated in our last, the later estimates of almost all our crops are higher, as the damage by drought in July proved to have been over-estimated. On the other hand, the speculators have overdone these increased estimates by selling the markets below where they were before that damage, which was serious, was done, in many cases. A recovery to a higher level from this reaction from a level too high at the beginning of the crop is now or soon will be in order throughout the whole breadstuffs list.

Hog products have been bullied by manipulators on the September options of pork, ribs and lard by a clique in Chicago, who had some of the large operators there and in New York as well as in Europe short of that month. This forced advance has now been nearly lost since the shorts have settled either by the cliques margining them out or meeting them half way for a settlement, as the packers who were running the deals were more anxious to get the price of hogs down to a lower basis before the beginning of the winter packing season, November 1st, than to force the prices of products as high as it

was in their power to do. Hence, when the shorts had settled, the bulls themselves turned around and broke the market down, until lard is $1\frac{1}{2}$ cents per lb. and pork \$2 per bbl. below the top prices in Chicago for September. It is believed that during October the prices of both products and hogs will be forced considerably lower still; yet it is also believed that the same cliques in Chicago who squeezed the shorts in September into settling have them short also for October, on pork if not on lard, and that the price will be forced up again before the final break. Meantime our exports of provisions have fallen far behind a year ago in consequence of this manipulation, as shippers would not buy our products while they were held fictitiously high on the spot and for September, as the prices of the later months were so much lower that it was offering exporters a premium to wait till the deals were over before buying. Stocks are therefore light on the other side, except as the cliques have consigned a great deal of lard or sold it in Europe at $\frac{1}{4}$ @ $\frac{1}{2}$ c per lb. less laid down there than it was held at here or in Chicago. Indeed at one time the price of cash lard was $7\frac{1}{2}$ cents in Chicago, $7\frac{1}{4}$ cents in New York, 7 cents in Liverpool, and 6.90 cents on the Continent, the same clique selling at these prices in all those markets. When these markets are allowed to resume their natural position again a good export trade is looked for as well as in wheat, corn and flour, and shipments are likely to increase rapidly after November 1st. It is also probable that the labor troubles at the Chicago Stock Yards will break out again in October, in an effort of the packers to return to ten hours' work for the ten hours pay now given for eight hours' work. This may cause a lock-out, which would send products up and hogs down, and enable the packers who would cause the stoppage to sell future deliveries freely on the basis of the October advance in products, while they were getting hogs down where there would be a big margin of profit on such sales.

Cotton still lags behind other produce markets in speculation, as the public do not seem to take to cotton as to grain and pork, as the latter are Northern products with which the Northern speculative public are familiar and about which every speculator thinks he knows as much as Horace Greeley thought he did about farming. There has been some damage to the cotton crop in some sections by drought in July and in other sections by wet weather since. Yet on the whole there will be a good average crop, while the statistical position of the markets of Europe and the United States is healthy and growing stronger with the improvement in the manufacturing industries of this country and of Great Britain, which latter are helped by the advance in silver and in Indian exchange as much as Indian wheat is depreciated.

The petroleum market has become so completely a speculative foot-ball since New York was made the leading speculative as well as export market, that it is difficult to explain its movements except upon the manipulation of the Standard Oil monopoly, which has, except at times when Wall Street takes a strong hand in the market, as complete control of the crude as of the refined market. For the past month new wells have enabled the Standard brokers to hammer the price of crude down to near 60 cents, which is pretty low, and a reaction should be in order one of these days unless railroad stocks should break and oil go off in sympathy. But this is scarcely probable to any great or protracted extent.

Manipulation has also been very successful on the bull side of coffee the past month, and it has been put up very sharply here and in Havre on a short crop in Rio, which appears to have been nearly discounted for the present, however.

The iron interests have improved and are well sold ahead as a rule in all manufactures of railway supplies, the demand for which has been enormous for the replacement and renewal of old plant and rolling stock and motive power, which have not been equal to the demands made by freight traffic on old roads, while steel rails for new and old have been sold far ahead of production. Yet speculation has not taken hold of iron as it did in 1878 to 1879.

The coal trade has steadily improved both as to prices and demand and the market is in good shape for an active and profitable fall and winter trade both for domestic uses and manufacturing purposes. The decreased production of bituminous last summer, on account of the protracted strike, has placed the anthracite companies in a better position than they have been for a long time.

The manufacturing interests are all in full blast and selling their goods. Some traveling men complain that their orders so far this fall have not been up to expectations, though better than a year ago. But this is not general, and jobbing houses as a rule have had a big fall trade at good prices. Yet the unseasonably hot weather of September has no doubt hurt the wholesale and jobbing dry-goods trade some as it has the retail. Labor troubles have not been general or of importance the past month. The renewed outbreak between the street car lines in August, that promised to be serious, disappeared as suddenly as they reappeared, and with the exception of their prospective renewal in Chicago, noted above, the relations of employers and employed seem more harmonious than for six months past. The truth probably is that fewer are known, because quietly settled without a rupture by the parties themselves, both having learned wisdom and their interests by the hard experiences of last spring and summer.

On the whole, therefore, there seem to be fewer clouds on the business horizon at the beginning of October than for years, while the prospects of a period of sound and legitimate prosperity, devoid of the speculative craze of 1879 to 1881, were never more flattering. The only dangers have been pointed out above of single interests and speculators endeavoring to appropriate to themselves all the improvement at the expense of the general prosperity, upon which individual depends.

DEATHS.

BRITTON.—On August 2, aged sixty-two years, JOHN W. BRITTON, President of Union Dime Savings Bank, New York City.

DOLLNER.—On August 28, aged eighty-one years, HAROLD DOLLNER, Vice-President of Union Dime Savings Bank, New York City, and Director of Mechanics' Bank, Brooklyn, N. Y.

MOORE.—On September 16, aged seventy-two years, GEO. MOORE, President of West Side Bank, New York City.

PUFFER.—On September 26, aged eighty-six years, GEO. S. PUFFER, President of the late Atlantic State Bank, Brooklyn, N. Y.

TYLER.—On July 18, aged sixty-two years, THOMAS B. TYLER, President of Bank of Sparta, Sparta, Wis.

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SILVER CERTIFICATES.

The new silver certificates have appeared, and for several reasons are gladly welcomed. The first is that the small notes now in circulation are so badly worn that even the big silver dollars are preferable to them. The new crisp silver notes, therefore, are much superior because they are new and can be taken and handled without danger, at least, of getting disease, whether we get the value for them which they purport to have or not.

Another reason, however, for welcoming the new silver issue is that it paves the way for doing away with the coinage of silver dollars. What we mean to say is this: inasmuch as there is a wide gap between the market and legal valuation of silver, the issue of silver notes as a substitute for the silver dollars can take place without any harm, for the reason that if a readjustment of these dollars should be made, as, for example, the making of their market value compare with their legal value; in that event the silver note would be just as well fitted for circulation as it is at present. What may be done with the silver dollar is uncertain. We may continue to coin it under the existing law for a good while longer; we may enlarge its size enough to cover the depreciation; or, we may pass it at its legal valuation; or, we may do something not yet discovered. In all these cases, however, the silver certificate may be used, for, with an enhancement of the value of silver the form and nature of the certificate would remain unchanged. This is a point of no light importance in favor of issuing the certificates. Right here we cannot help asking, since

these certificates are authorized, and are now appearing, why not run the silver into bars, containing ten, fifty and a hundred dollars worth of silver, instead of continuing to coin the silver dollars? The expense of doing this would be less than the continued coinage of the dollars, while the bar, of course, would be just as useful as security for the certificates as the dollars themselves. These are some of the reasons that occur to us why we should welcome the coming of the certificates.

Of course, many are thinking of the need of utilizing silver in some way, now that the bank-note circulation is rapidly disappearing. A considerable contraction of the currency is certainly to be avoided. We know that contraction bodes no good to anyone whatever, save the creditor, and not even to him in the end; and while an increase is not especially needed to the volume of currency, doubtless it would be readily conceded by almost all that it is desirable to maintain the present volume as nearly as may be. But if the bank-note circulation must disappear, and it certainly is fated, and inasmuch as we have an enormous quantity of silver, a large portion of which is practically buried under ground, it is certainly desirable to utilize it in filling the vacuum mentioned. If, indeed, we could fill the gap between its market and legal value, this would be a most desirable thing to do, but even if we cannot do this now, it may be questioned whether it is not better at least to issue the silver notes, believing that before a very long period an adjustment in the value of silver will be made. It is undoubtedly true that the fiat money element in the country is yet powerful in many places, nevertheless, let us hope that ere long the present discrepancy between the legal and market valuation will be overcome.

AUDITING ACCOUNTS.

The several large failures of late have led many to inquire whether it is possible to do anything to render these visitations less frequent and severe. The inquiry is always made when failures occur, and just now it presses more closely on account of the unusual size of some of the recent failures, and also because they have occurred in the face of reviving prosperity. Last year, we prepared a paper in which we showed how checks against fraud in business could be increased. The truth is that it is easy enough to multiply checks against wrong doing, but this means two or three things. First, the employment of more men. Secondly, increased expense. Thirdly, the use of more time in transacting business with customers in many cases. Now the employment of more men and the increased expense might, among banks, and other companies, be

easily borne, but the longer time in transacting business, the delaying of the depositor, for example, in order to get an additional check on his deposit, this is indeed a serious matter, and in talking with bankers they have told us in several cases, that while fully conscious they were transacting their business often in a risky way without sufficient checks and safeguards, yet on the whole it was better to take these risks than to delay customers in order to diminish them. This is about the phase which many kinds of business assume. The checks may be multiplied to any extent, but always involving more persons, more expense and more time in transacting business.

One thing, however, can be done that will not interfere in the least with the transaction of business with the public—a more frequent and thorough inspection of the accounts. The best feature of the existing National Banking System is the examination of its affairs by public officials. This examination can be made as often as the examiner desires, and if he be competent and his examination be continued long enough, he can understand quite well the real condition of an institution. It is true that knaves often circumvent the examiner, but still, were it not for these examinations, defalcations would probably be more frequent than they are. The examiner has a healthy deterring influence. The evil-minded clerk dreads his presence, and the knowledge that he can come at all times and examine everything has doubtless kept many a clerk from attempting to travel in the evil road. Where these examinations do not exist, that is, among other banks and corporations, it is practicable enough to have auditors and examiners of their own. Why would it not be well to have a body of skilled examiners or auditors whose duties should consist in making examinations of the accounts of companies for the purpose of detecting errors and wrong doing? Surely no honest official would object to the examination, for there is always danger of error; in which case the auditor or examiner might see it, and if there were fraud, then it would be exposed. From any point, therefore, such examinations are desirable, and if they were made, would do much toward promoting the soundness of our financial institutions. In England the business of auditing is much more general and thorough than it is here. Persons exist who are skilled in these matters, and to this extent we could wisely imitate England's example. We could have trained men who are accustomed to books and accounts, whose practiced eyes would discern errors and frauds, and whose annual or semi-annual or oftener examinations would prove very helpful, and at the same time be a preventive against any inclination on the part of managers and others inclined to squander the revenues of the corporations they represent.

INVESTMENT IN BONDS.

The investors in bonds, it is generally supposed, are led to use their money in this way primarily with a view to security, and not for profit. It is true experience shows that a low and steady rate of profit often yields as large or larger return than that derived from stocks and similar securities. This, we say, is the view entertained usually by bond investors—security first and profit afterward. The following table of bonds listed on the New York Stock Exchange, compiled by the "New York Stockholder," shows quite another story.

BONDS LISTED IN 1879.

	Price, 1879.	Present Price.	Ad- vance.
Ches. & Ohio Pur. money 6s.....	98	115	17
Do. series "B" 1908, 6s.....	38	76	38
Do. currency 6s.....	13	30	17
Chic., St. Louis & N. O. 1st m 7s.....	93	126	33
Do. income 2d m 6s.....	45	119	74
Chic. & St. Paul (Ia. & Dak.) 1st m 7s.....	101	123	22
Do. La. C. div. 1st m 5s.....	89	108	19
Do. So. Western div. 1st m 6s.....	103	119	16
Chic. & East, Ill., 1st m 6s.....	94	117	23
Ind., Bloom. & Western, 1st m 7s.....	70	111	41
Lafayette, Bloom. & Muncie, 1st m 6s.....	94	100	6
Metropolitan Elevated, 1st m 6s.....	98	117½	19½
New York Elevated, 1st m 7s.....	102	126½	24½
N. Y., L. E. & Western consol, 1st m 7s.....	104	138	34
Do. second do. 2d m 5s.....	67	113	46
Do. do. do. new m 6s.....	70	*99	29
Oregon Railway & Nav., 1st m 6s.....	91	111	20
St. Louis & Iron Mt., 1st pref. inc. 7s.....	59	116	57
Do. 2d do. 7s.....	50	114	64
Do. Cairo & Fulton 1st m 7s.....	96	110	14
St. Paul, Minn. & Man., 1st m 7s.....	98	112	14
Do. do. 2d m 6s.....	95½	121	25½

* Ex. June, 1886, coupon.

BONDS LISTED IN 1880.

	Price, 1880.	Present Price.	Ad- vance.
Chicago, Mil. & St. Paul, So. Minn. div. 6s.....	100	120	20
Do. Hastings & Dakota 7s.....	111	127	16
Do. Chicago & Pacific div. 6s.....	106½	120	13½
Chicago & Northwest sinking fund 6s.....	107	120	13
Chicago, St. Paul & Omaha consol 6s.....	98	123	25
Galveston, Harrisburg & San Antonio 1st m 6s.....	100	114	14
Do. do. 2d m 7s.....	105½	116	10½
International & Great Northern 1st m 6s.....	101	118	17
Ind., Decatur & Springfield 1st m 7s.....	102	107	5
Kansas Pacific 1st consol 6s.....	97	108	11
Louisville & Nashville gen. mort. 6s.....	105	105½	½
Do. N. O. & M. div. 1st m 6s.....	101½	102	½
Metropolitan Elevated 2d 6s.....	94	112	18
Missouri Pacific consol 1st m 6s.....	105	112½	7½
Mil. & Northern 1st m 6s, 1910.....	100	105½	5½
New York, Lake Erie & Western ext 4th m 5s.....	103	112	9
Peoria, Decatur & Evansville 1st m 6s.....	92	114½	22½
St. Louis & San Francisco equip 7s.....	100	105	5

From this it appears that bond investments have been singularly profitable apart from considerations of security. The great profit is in consequence of the extraordinary rise in their value. We are all quite familiar with the enormous premium on Government bonds, which has diminished the actual return to any one buying them to-day considerably below three per cent. Those who bought the fours when Mr. Sherman was Secretary of the Treasury now find that their value has been increased more than one-fourth. An advance, though not so great, has occurred in many railroad investments. The rise on all the good ones, especially those running for a considerable period, as the table shows, has been large, thus adding much to the fortunes of the investors.

What has brought about this enormous increase in their value? What has driven up the prices of Government securities to such high figures? Is it lack of avenues for capital? Is it because we have been acquiring capital far more rapidly than we had means for employing it? Is it because capital is thus invested primarily for the sake of security, that investors are really afraid of many of the new undertakings? These and many similar questions have been asked thousands of times by persons interested in these securities. Whatever the cause may be, the fact of the rise is a very striking one. An enormous profit has accrued to a large class of investors, most of whom, doubtless, when making these purchases, never dreamed of such an addition to their wealth. It would seem as though the rates of profit were too low to lead to very much more investment in the high premium bonds at existing prices. Indeed, for some time the advance in such securities has been slight, indicating pretty clearly that we have reached high-water mark.

RAILROAD POOLS.

Notwithstanding the business improvement, the income of some of the leading railway corporations is very small; especially of the principal lines between the East and the West. The quantity of freight moved during the last six months has been enormous, and yet, as the figures clearly show, the rates are so low that the net earnings are by no means as large as they ought to be. For we are quite sure that these companies are entitled to a fair profit on their investment. This, at least, will not be questioned. Fierce competition and excessively low prices are by no means desirable. The true goal of civilization does not necessarily consist in a march in either direction. The transporter of goods and persons, like any other engaged in a useful pursuit, is rendering a genuine service to mankind and is entitled to a fair reward for his effort. To this universal principle the railroad companies form no exception. They should have it, and yet they do not get it, as can speedily be learned by looking at the books of the companies.

The question is not untimely, How can they get a fairer return for the service they are performing? For several years past a pool has been in existence, the aim of which has been to render such returns more sure to the several members that constitute it. Yet no fact is more familiar than that this pool has been almost everything beside a pool. It has been an agitated sea in which all the members were tossed to and fro without any certainty concerning the future. Again and again has it been threatened with dissolution, and at the present time after all its buffetings and trials, its life is precarious. Of course, the weakness of the pool is easily enough seen; there is no power residing in any body to enforce regulations or agreements, and the members, well knowing this, in many cases make agreements, only to violate them, thereby hoping to gain some advantage over the other members.

It seems to us that the first fact which the several members of this pool should remember is, that all the managers of the various lines are capable, far-seeing men, each understanding the business of his own road, and also the business done by its rivals. There was a time when a great deal of the business of the world was done in secrecy, and when far-sightedness counted for much. We do not say that this quality has ceased to be valuable; what we do say is that transportation, like many other kinds of business, is to a large degree conducted openly. The rates of service are known, and if, forsooth, a railroad company seeks to get the advantage of a rival by making a better rate, or deduction of any kind, these

facts are very soon found out. In other words, the essential facts in transportation are well known by all who engage in it, and the hope and expectation on the part of any manager of getting the advantage over his rivals is delusive, nay, childish, and the sooner this idea is exploded the better for all concerned. Moreover, the business should be conducted in a public manner, for shippers have a right to know what the actual rates are, and also a right to be protected from unjust discriminations made to larger shippers. It is a long step in advance that these various companies cannot conceal their business even if they would; that it is exposed to the public eye and can be watched and criticised; and that unjust discriminations can be exposed and prevented. This is good for the companies as well as the public. We repeat, therefore, that the notion that any manager can get the advantage over others by making more favorable rates, is one of those absurd notions which, if abandoned and thoroughly eliminated from the problem, would simplify it very much and render the solution of this vexed question of fixing and maintaining rates much more easy. This much by way of introduction.

In the absence of governmental regulation of the railroads, it seems to us, and has seemed for a long time, that the several railroads running to competing points, must regulate for themselves, in other words, must act harmoniously in their transportation operations. Another fact is equally clear, namely, that the present method of conducting these operations is very imperfect, and mainly for the reason that the pool commissioner has no power to enforce any regulation that may be made. What, then, can be done in the way of forming an arrangement which shall be more binding and effective among the several parties? It seems to us that the kind of arrangement that ought to exist is the existence of a treasurer or other officer to whom all the money should be paid by the several competing roads for freight and passengers accruing at the several competing points. Such a treasurer should be selected by the several companies, and who should either select the several freight transportation agents at the competing points, or these should be appointed by agreement of the several companies interested. In other words, the treasurer or general officer, as well as the officers of the competing lines at the competing points, should be the officers of the several companies combined, and not the representatives or agents of any one of them. It will be readily seen that if such persons were appointed wholly outside the existing companies, and not amenable to any one road, they would have no interest in falsifying accounts or in making discriminating rates for the benefit of any company, or, in short, in doing anything that would favor one company to the detriment of another. They would, we repeat, be the agents or servants of all, would act for one as much

as the other, would have no occasion or interest to favor one at the expense of the other; and thus all the present difficulties existing between the several companies would pass away. Such an arrangement for receiving the money of the companies and distributing it among them in agreed proportions, would be effective. Of course, the division of the money would be made by agreement of the several companies in advance, and the duty of the agent in this regard would consist simply in determining how much of the income was due to each company, and transmit it forthwith. His duties would be comparatively simple. He would not be an umpire or arbitrator in any sense. He would be simply a receiver of the income accruing to the companies at the several competing places, and the distributor thereof by an agreement of the several companies themselves.

It may be further suggested that such an arrangement might very properly lead to considerable economies on the part of the several companies, and thereby result in the reduction of rates to shippers, while at the same time leaving the latter in a better condition than they are in at present. What we mean to say is, that the machinery now existing at the competing points for attracting business, for drawing it to one road and away from another—numerous ticket offices, fast freight lines and the like—could all be abandoned, to the obvious benefit of all the parties except those immediately employed in conducting this business. If there ever was an absurd business it is in the creation of fast freight lines and the like, to get the corn, the wheat and the cotton for transportation, when every one knows that sooner or later it must be transported without the faintest effort on the part of the transporter to get possession of it for that purpose. We all know that the surplus of the grain in the West during the year will certainly be transported to the East, and there is therefore no need of a Blue Line, or White Line, or Red Line to carry it. Can anyone imagine, therefore, anything more absurd than to institute these various agencies and give them a considerable portion of the profits for the purpose of attracting that business to the various companies, which in due time they are sure to get without the expenditure of a single cent of money? The expense of these agencies for getting control of freight is large, and, if abandoned, the companies or the public, or both, would be the gainers.

Of course, to some persons such a proposition would be unwelcome. They are the old-fashioned type of thinkers, who suppose that competition in transportation is just as essential for the public welfare as competition in other kinds of business; but this is a great error. In order to command low freight rates the companies must have plenty of business; the less there is and the keener the competition, the smaller will be the dividends; again, the lower the rates the less safety there is to passengers, the greater the irregularity in

transportation, and other evils too numerous to mention. In fine, the principle of competition is exactly the wrong one to apply to transportation. This can be achieved only through a large business, and the best way of securing it, and with the least friction, is through union, as explained, and not through separate action. The latter method has been tried and found wanting; why not try the other experiment long enough to determine whether it be sound or not? The low incomes of the several roads in the face of the general prosperity is an imperative argument in favor of attempting something of the kind.

THE RELATION BETWEEN BANKS AND THEIR DEPOSITORS.*

PAYMENT OF CORPORATION CHECKS.

In order to bind a corporation, its checks should be properly signed. A check, however, having the words "Ætna Mills" printed in the margin, and signed "J. D. Farnsworth, Treasurer," was declared to be not the individual check of Farnsworth, but the company's. "The case," said Judge Gray, in giving the opinion of the Court, "is not distinguishable from those in which similar instruments have been held . . . to be the contracts of the principal only. The Court has always laid hold of any indication on the face of the paper, however informally expressed, to enable it to carry out the intention of the parties." (*Carpenter v. Farnsworth* 106 Mass., 561. The illustrations given by the Court are worth adding. "In *Tripp v. Swanzy Paper Co.*, 13 Pick., 291, a draft not naming the principal otherwise than by concluding 'and charge the same to the Swanzy Paper Company, yours respectfully, Joseph Hooper, Agent,' was held to be the draft of the company. In *Fuller v. Hooper*, 3 Gray, 334, a draft with the words 'Pompton Iron Works' printed in the margin, and concluding with place to account of Pompton Iron Works, W. Burt, Agent,' was held to bind the proprietor of the Pompton Iron Works; and in *Bank of British North America v. Hooper*, 5 Gray, 567, in which a draft concluding 'and charge the same to account of proprietors Pembroke Iron Works, your humble servant, Joseph Barrell,' without otherwise naming a principal or disclosing the signer's agency, was held to bind him only, it was said by the Court that in *Fuller v. Hooper* the words 'Pompton Iron Works' in the margin of the draft fully disclosed the principal, and that the draft was drawn on his behalf. So in *Slawson v. Loring*, 5 Allen, 340, 343, in which a draft, having the words 'Office of Portage Lake Man-

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ufacturing Company, Hancock, Michigan,' printed at the top, was signed 'J. R. Jackson, Agent,' Chief Justice Bigelow said, 'No one can doubt that on bills thus drawn the agent fully discloses his principal, and that the drawer could not be personally chargeable thereon.'

Three directors of a railway company signed a document which was intended as an order on the company's bankers to pay company money to a third party. The document was signed by them in their individual names and countersigned by the secretary of the company with the word "Secretary" added to his signature. Nor was the official character of the directors disclosed in any part of the document. It did contain a stamp, on which was impressed the name of the company, but a similar stamp was used on all its documents. It was held that this document was not the company's check, and consequently, that it was not bound therefor. (*Serrell v. Derbyshire Railway Company*, 19 L. Jour., C. P., 371.)

"It is a point of very great importance," said Lord Hatherly, in an English case (*Mahony v. East Holyford Mining Co.*, Law Rep., 716 of Lords, p. 893), "that those who are concerned in joint-stock companies and those who deal with them should be aware of what is essential to the due performance of their duties, both as customers or dealers with the company, and as persons forming the company, and dealing with the outside world respectively. . . A banker dealing with a company must be taken to be acquainted with the manner in which, under the articles of association, the moneys of the company may be drawn out of his bank for the purposes of the company. . . In this case the bankers were informed that checks might be drawn upon the bank by three of the directors of the company. And the bankers must also be taken to have had knowledge, from the articles, of the duties of the directors, and the mode in which the directors were to be appointed. But, after that, where there are persons conducting the affairs of the company in a manner which appears to be perfectly consonant with the articles of association, then those so dealing with them, externally, are not to be affected by any irregularities which may take place in the internal management of the company. They are entitled to presume that that of which only they can have knowledge, namely, the external acts, are rightly done, when those external acts purport to be performed in the mode in which they ought to be performed. For instance, when a check is signed by three directors, they are entitled to assume that those directors are persons properly appointed for the purpose of performing that function, and have properly performed the function for which they have been appointed. Of course the case is open to any observation arising from gross negligence or fraud. . . Outside persons when they find that there is an act done by a company, will, of

course, be bound, in the exercise of ordinary care and precaution, to know whether or not that company is actually carrying on and transacting business, or whether it is a company which has been stopped and wound up, and which has parted with its assets and the like. All those ordinary inquiries which mercantile men would, in the course of their business, make, I apprehend would have to be made on the part of the persons dealing with the company." These remarks, we suppose, will apply with as much force to American banks and bankers, in dealing with corporations and other companies. In applying them to the foregoing case, it was decided that a bank which had the funds of a company could lawfully honor the checks of its directors which were signed similar to a form sent by them to the bank without inquiring whether they had been duly appointed to office in conformity with the memorandum and articles of association. (*Ernest v. Nicholls*, 6 H. of L. Cas., 401; *Royal British Bank v. Turquand*, 6 El. and Bl., 327; *Fountaine v. Carmarthen Railway Company*, L. R. 5 Eq., 316.)

The president of a corporation is not authorized by virtue of his office to draw checks. This authority, however, may be granted by charter, by-law, or by the usage of the place where the corporation is doing business. The directors of the New York and Sharon Canal Company were so negligent in depositing its funds in a bank that its officers supposed the deposit belonged to the president of the company. At the time of making it he left his signature, as is the custom in opening a new account, by which it was to be drawn out. The bank paid moneys on his check, supposing that he had authority to draw them, and was protected by law from paying again on the application of the company, which had suffered from the conduct of the president. (*Fullton Bank v. N. Y. Sharon Canal Co.*, 4 Paige, 127.)

PAYMENTS TO EXECUTORS AND TRUSTEES.

The principles relating to the drawing of deposits by trustees and executors will now be stated. As a co-executor should deposit the money received in that capacity to the joint account of all of the executors, so must they unite in drawing it from the depository. Said Judge Hare, in a well-considered opinion, which was approved by the Supreme Court of Pennsylvania, "It were futile to open a joint account if one of the depositors could withdraw the money. All must, therefore, unite in the receipt or check, in order to discharge the banker; and it follows that he cannot rely on a compromise or release by one as a defense. This is not so much an exception to the rule that a payment to a co-executor discharges the debt, as a return to the general rule, to which that is an exception. The right of each executor to act without the concurrence of the rest, seems to have been the growth of circum-

stances." After showing why executors had been permitted to divide their duties, he continued, "It results from what has been said that the right of executors to sever in the execution of the trust is a concession to expediency, which should not be made when the case is one for care and judgment, and it is possible for all to unite without inconvenience. It does not, therefore, exist where a fund arising from the collection or sale of the assets comes to the hands of two or more executors or administrators, or has been deposited to their joint account. Under these circumstances, there is nothing to exclude the principle that persons acting in a fiduciary capacity must concur in every measure affecting the interests which they represent." (*De Hosen v. Williams*, 8 Pa., 480; see *Beltshoover v. Darragh*, 16 S. & R., 329; *Mendle v. Guedalla*, 2, J. & H., 259.)

The English rule, however, is different, and a check signed by one co-executor will protect a banker in paying it. (*Ex parte Rigby*, 19 Ves., Jr., 462; *Con v. Read*, 3 Ath., 695.) The check of one of several administrators (*Pond v. Underwood*, 2 Ld. Bay., 1210; *Prosser v. Wagner*, 1 C. B. N. S., 289; *Clough v. Bond*, 3 M. & C., 490); or even the check of a co-executor acting under a forged will (*Allen v. Dundas*, 33 R., 125.)

With regard to trustees, the English law requires all of them to sign a check for drawing deposits. (*Stone v. Marsh*, *Reyon v. Moody*, 364.) So, if money is paid into a bank on the joint account of persons who are not partners in trade, payment must be made on the authority of all to discharge the bank. (*Innes v. Stephenson*, 1 Moody & Rob., 145.)

In England, sometimes, before opening an account with a customer, bankers require him to consent to their retaining his checks, and sometimes a check is drawn to be kept by a banker after he has paid the money, as a kind of security for repayment. On one occasion, where three persons signed their respective names to such a check, the liability was declared to be joint, and not a joint and several liability, and that an action could not be sustained against the estate of one of them who, though signing like the others, was in truth a surety, the drawee refusing to pay the money unless this particular person would sign the check. (*Otter v. Iveson*, 24 L. I., Ch., 654; 3 Drewry, 177.)

If a trustee absconds, so that his signature cannot be obtained, a court of equity will make an order for the bank to pay the trust deposit on the check of the remaining trustees. (*Ex parte Hunter*, 2 Rose, 363; 1 Mer., 408.)

When a bank receives a deposit from a sheriff arising from the sale of land on a legal process, and he afterward dies, it cannot be required to pay the funds into Court for distribution. His successor is the proper person to demand and receive the money, and

he can be ruled into Court for the purpose of distributing it. But if a bank pays the money into Court, though not required to do so, and a decree of distribution is made, the bank cannot appeal therefrom, because it has no interest in the matter. (*Allegheny's Bank Appeal*, 43 Pa., 328.)

If a sheriff be also an executor a deposit to the credit of his official account does not import ownership by a particular person; consequently when conflicting demands are made on such a deposit the bank stands as a mere stakeholder, and has a right to demand indemnity before paying it. (*Farmers and Mechanics National Bank v. King*, 57 Penn.)

When money is deposited for the benefit of another payable at a fixed period, the bank is bound to pay the same on the arrival of that period, nor can it be taken sooner by any legal process against the person for whose benefit the deposit is made. (*Foxton v. Kucking*, 55 Me., 346.)

Sometimes the law will regard depositaries as having knowledge of the wrongful acts of public officials in drawing public money for private purposes, when in truth they have not such knowledge. Thus, the treasurer of a town made several notes in his official capacity without authority to do so, which were discounted by a bank and the avails were placed to his credit as treasurer. Public funds were deposited by him from time to time in the same account, and the notes above mentioned, after several renewals, were paid by his checks drawn as treasurer. He afterward became a defaulter. The money thus drawn by him would have made good his defalcation. The bank supposed he had authority to make the notes discounted, and that the proceeds were used for the benefit of the town, but in truth a large amount of the money drawn out on his checks as treasurer was used for private purposes. Moreover it may be added that his integrity at that time was unquestioned. Nevertheless the Court held that the bank must be considered as having knowledge that the treasurer had no authority to make the notes mentioned, that they must therefore be treated as his private notes and the loans as individual, and further, that when he drew out the town money to pay the notes, he did what the bank must have known he had no right to do, and that it could not consequently retain the money against the town's demand. (*Town of East Hartford v. American National Bank*, 49 Conn., 539.) In another case the trustee of a town sold its bonds and deposited the money in a bank to the credit of himself, "J. C. Wilson, Trustee." The money was applied on a debt of Wilson due to the bank. The Court held that it had no right to apply the money in this manner. (*Bundy v. Town of Monticello*, 84 Ind., 119.)

PAYMENT OF WIFE'S DEPOSITS.

If a wife deposits money in her own name and the bank does not

know that she is a married woman, it can safely pay her on her check. Nearly sixty years ago a case arose in New York in which the wife of the plaintiff was entrusted by him with moneys and directed to deposit them in a bank. Accordingly she opened an account with the defendant bank in her own name, and from time to time made deposits. She also informed the bank in what manner she desired to have the deposits drawn, and it complied with the direction. The bank had no knowledge that she was a married woman until after it had paid all the checks and closed her account. The husband then attempted to recover, on the ground that payment to his wife was unauthorized. The judge submitted the fact to the jury whether the wife was authorized as the agent of her husband to do what she had done, or whether he had subsequently ratified her acts, and they found a verdict for the bank. The Superior Court reviewed the case, speaking through Judge Oakley, who said: "The plaintiff entrusted the wife with the money for the purpose of depositing it. He knew that she was in the habit of making deposits, and though he might not have known that she had opened an account in her own name, as he was unable to read the entries made in her bank book, it is fairly to be presumed that he must have known that she was also in the habit of drawing checks for the money deposited. She was entrusted with the bank book, and the husband never made any inquiry as to the state of the account in the bank, and the jury were well justified in drawing the inference that he must have known the true state of the case. But if the jury were incorrect in finding the fact of an authority by the husband, on the evidence in the case, it is still clear that the plaintiff has no right to recover. If the wife abused the trust reposed in her by her husband, the [bank] ought not to suffer by her fraudulent act, in depositing the money in her own name. By entrusting her with the money he enabled her to commit the fraud, and the loss, if he has sustained any, must fall upon him. In the absence of any circumstances to charge the bank with notice that she was a married woman, they had a right to open an account with her as *feme sole*, and to pay the checks drawn upon the deposits made by herself." (*Dacy v. N. Y. Chemical Manufg. Co.*, 2 Hall., 550.

Even though a bank should know that a female depositor in her own name was married, it could lawfully pay her. A deposit was made by a wife in an Arkansas bank, and though her husband never claimed it the lower Court in that State presumed as matter of law that it belonged to him. But the Supreme Court said "there is no such legal presumption, at least with regard to money and securities that are transferable by delivery. Then for the benefit of trade a property is created in the bearer. A bank note or a coin may have been stolen, yet one who takes it in good faith for value may hold

it against the loser. Possession is evidence of ownership, and the burden of proof is on the party who assails the possession. (*Murray v. Lardner*, 2 Wall., 110.) . . . If the law were otherwise than we have declared it, no bank could with safety receive the deposits and pay the checks of a married woman." (*German Bank v. Himstedt*, 42 Ark., p. 64.)

In another suit brought by a married woman to recover the amount of a deposit, she proved the indorsement and delivery to her husband of two checks (belonging to her and payable to her order) for the purpose of having them deposited in her name with the defendant bank. She then produced a bank book in which the amount of the checks was credited to her. The bank tried to prove that at the time of the first deposit it was orally agreed between the plaintiff's husband and the bank that the deposit should be made to the plaintiff's credit on condition that it might be withdrawn by her husband on check in her name, that the second deposit was similarly made, and that the deposits were subsequently withdrawn in this manner. The Court excluded this evidence, holding that the request of the husband to have the deposit made in her name and to her credit, and the issuing of the pass book to her, taken in connection with the checks which were made payable to her, disclosed clearly the husband's agency; that authority to sign his wife's name to future checks could not be inferred from the fact of his making the deposits; and that the bank could not prove an arrangement with him hostile to her interests and beyond the apparent scope of the agency without proof of actual authority from her. (*Bates v. First National Bank of Brockport*, 89 N. Y., 286, s. c., 23 Hun., 420.)

PAYMENT OF JOINT DEPOSITS.

When a deposit is made in the name of two persons, and one of them dies, can it be safely paid to the survivor? In New York, such a deposit was made by a husband and wife, and paid to the latter on the death of her husband. It may be assumed, said the Court, that the widow was not entitled to receive the debt created by the money which her husband had deposited with the bank, and that the sole fact of payment to her by the bank would not have protected it from further liability. But after she drew the money she was appointed administratrix on his estate, and that appointment related back to the time of his decease and confirmed and legalized her act in demanding and receiving payment of the debt. (*Whitlock v. Bowery Savings Bank*, 36 Hun., 460.)

In another case the plaintiff and her nephew O.K. opened a deposit account with a Savings bank. When the first deposit was made, the plaintiff stated to the officers of the bank in O.K.'s presence, that "either of them or both could draw the money." The usual Savings bank pass book was issued, in which the deposit

was entered to the plaintiff's credit "or" of O'K., and the account on the books of the bank was left in the same manner. One of the rules printed in the pass book provided that all payments to persons producing the pass book should be valid to discharge the bank. Subsequent deposits were made by both depositors and in mutual presence. On the death of O'K., the plaintiff informed the officers of the bank of the event, and that O'K.'s wife had the pass book, and notified them not to pay the money to her. Nevertheless the bank, on presentation of the book and letters of administration issued to Mrs. O'K. on the estate of her husband, did pay to her the whole deposit. The Court decided first, that the right of the bank to pay on the separate order of either of the depositors, and of each to demand payment, did not terminate by the death of O.K.; secondly, that as his authority was coupled with an interest, it rested, on his death, in his personal representative; but, thirdly, that the plaintiff having given notice of her right to the fund, and prohibited the payment of it to O'K.'s representative, the bank had no right to pay to Mrs. O'K. only so much of the deposit as had been contributed by her husband. (*Mulcahey v. Emigrant Industrial Savings Bank*, 89 N. Y., 435, reversing s. c., 62 Hom. Pa., 463.)

ALBERT S. BOLLES.

(TO BE CONTINUED.)

FINANCIAL FACTS AND OPINIONS.

In the recent debates in the British Parliament over the fall in the prices of Irish products, as affecting the possibility of the collection of present Irish rents, it was affirmed by the Irish advocates that the fall in prices within five years had been as much as 50 per cent. This seems to be an exaggeration, but not a very great exaggeration. What Ireland, which is pre-eminently a grazing country, can sell, consists principally of animals, meats, and dairy products, the prices of all of which, although not beginning to fall as early as wheat did, have now fallen nearly as much. The wholesale prices of butter in Irish markets are shown to have fallen 39 per cent. since 1881, and the fall in meats and animals has been about as great.

The answer made to the Irish advocates, that agricultural prices have fallen as much in England and Scotland as in Ireland, does not meet the difficulty of the Irish at all, but rather gives them new allies in the contention which they make, that their rents are "unbearable and impossible."

In Scotland, where the national custom is said to be to take farm leases on nineteen years, complaints are quite as urgent as they are in Ireland. The Scotch are in fact beginning to argue that

it is the duty of the government, in the exercise of its ultimate and supreme power, to correct these long leases so as to make them conform to a new range of prices which neither party to the leases contemplated or could have foreseen.

Some of the Irish leaders and organs are advising as a heroic remedy—which the Irish people can themselves employ—that evicted tenants should move *en masse* to the workhouses for the poor. If evictions become numerous, there will really be no other resource left in a country where very little work at wages can be found. If that resource is resorted to, the landlords will have only the single alternative of paying the expenses of a wholesale emigration, or of supporting their evicted tenants through the machinery of the poor rates. To the Irish themselves, no possible misfortune can be so great as would have been the success of Gladstone's \$1,000,000,000 purchase from the landlords, whereby a debt would have been fastened upon Ireland, the payment of which would have condemned it to an everlasting and grinding slavery, and which it could never have thrown off without repudiation and revolution.

The export of cotton from this country during last August was 32,688,799 pounds, at a valuation of \$3,186,650, as compared with an export during August, 1885, of 28,922,301 pounds, at a valuation of \$3,066,424, showing a fall of about 10 per cent. during the year. The future price of cotton is always a debated question, and is oftentimes a fairly debatable question. The views of the British gamblers in cotton, as shown by the British quotations of cotton futures, is based upon a further expected fall in cotton, but not so great a fall as has occurred during the past year. Their opinions are formed upon the depressed condition of the cotton goods trade throughout the world, and upon the expectation that the current crop in India will be an abundant one. It is too early yet for a definitive judgment as to the magnitude of the current cotton crop in this country. For the year ending on the 31st of August last. the figure fixed by the National Cotton Exchange is 6,575,697 bales, of which 357,478 bales were worked up in Southern cotton mills, which exceeds by 36,412 bales the consumption of any previous year. Northern and Southern mills together worked up rather less than one-third of last year's cotton crop. The time may not be very near when they will work up the whole of it, but there is no good reason why we should not now completely supply our own markets with cotton goods of every description. It would be better for the country if there was less silly talk about seeking foreign markets, in which we must encounter the competition of labor at barely above starvation wages, and if there was more attention paid to supplying our own markets, not only with cotton goods, but with the numberless other manufactures which make up the enormous and ruinous importations which are now in progress.

Some of our contemporaries are unable to restrain their impatience to discuss the necessity of depleting our revenues by taking off taxes, or by using up the revenues by more and enlarged appropriations. They suppose that this necessity is close upon us from the impending payment of the 3-per-cent. bonds.

All such questions are premature until those bonds are in fact paid off, and to debate them now is worse than idle. No such questions will present themselves during the approaching session of Congress, as the bonds yet to be paid will absorb all surpluses applicable to them until the next Congress is organized. We shall then know much better than we possibly can now know, what the revenues, and especially those collected at the custom houses, are to be. Great contractions in the volume of our foreign trade may occur within a twelvemonth. It is an approved rule to defer all decisions as long as possible, when there is no chance of being injured by deferring them, and when the progress of events will certainly throw light upon the conclusions which ought to be reached. We have, perhaps, not seen the end yet of the pension legislation. We know that one of the two political parties stands pledged to repeal the limitation of the Arrears act, and that the other is in favor of passing a Mexican war pensioning law on the most liberal principles. The chances that both these measures may be carried by a combination of their respective supporters are not small.

The time when the payment of the 3s will be completed is not certain, and we therefore cannot tell what the interval of time may be between that completion and the arrival of the day when the 4½s will be redeemable. That interval may prove to be so short that the extinguishment of some part of the 4½s may be advantageously anticipated by purchases.

The condition of the British gold coins is admitted to be exceedingly bad, a great deal of it being below standard weight. British opinion seems to be agreed that the expense of recoinage the light pieces should be borne by the government, but the Chancellor of the Exchequer has recently declared that he does not at present see the way clear to making provision for the very considerable cost of the operation. The London *Economist* of Sept. 11 advises two expedients to meet the difficulty. One is to suppress the half sovereign altogether, the government taking it in at its full original value, and recouping the loss by substituting an increased quantity of subsidiary silver, in the coinage of which there is a great profit. The other is to abolish what it calls "the antiquated restriction" against the issue in England of notes below £5. That restriction is not only "antiquated," but the reasons upon which it was originally based have entirely disappeared since the adoption of the British currency act of 1844, establishing a fixed issue of paper not

representing coin pound for pound. When the English banks could issue paper *ad libitum* in response to what are called the "wants of trade," they could inflate the currency at will in the form of small notes, whereas now they can neither expand nor contract the currency by a single pound. The same change in substance has occurred in this country, as the quantity of bank notes is regulated by national laws and not by the will of the banks, and is in no degree influenced by the varying demands of trade, which always increase when prices rise, which is precisely the time when an expansion of the currency is most likely to be injurious.

The London *Economist* of Sept. 11, referring to the sudden rise of about 5 per cent. in the London silver market during the previous week, says:

The main cause of the advance has been the heavy sales of drafts by the India Council at higher prices, owing to the demand for remittances in connection with the new rupee loan for 120 lakhs of rupees.

The Pixley & Abell *Circular* of Sept. 9 ascribes the rise in silver to the "increased demand for the India Council drafts," without giving an explanation of any kind as to the cause of that "increased demand." All accounts for a year past from London have agreed that stocks of silver in that city have been at the lowest ebb, dealers carrying as little as possible, on account of its persistent downward tendency until the recent sudden rise. In addition to small stocks, the London current receipts of silver during the first eight months of this year have been 30 per cent. less than they were during the corresponding months of last year. As a result of this situation, London remitters to India, finding little or no silver within reach, are obliged to bid for Council drafts.

But even if the whole rupee loan for 120 lakhs of rupees, which means twelve million rupees, was subscribed for in London, which is not at all probable, the sum seems too small to explain of itself, and without other causes, so great a rise as 5 per cent. in the Indian exchanges within a single week.

It is stated, in correspondence from Paris, that the French Government has ordered the withdrawal from circulation of the 5-franc gold piece, and is believed to contemplate the withdrawal of the 10-franc gold piece, on the ground that the public prefer the silver 5-franc piece to any gold coin smaller than a Napoleon, which is 20 francs. As noticed elsewhere, the suppression of the gold half sovereign in England is proposed, and we think the public in this country would like to see the gold quarter eagle withdrawn and recoined into pieces not smaller than the half eagle. The attempt to circulate gold dollars was abandoned here years ago as a complete failure.

A writer in the London *Economist* of September 18, estimates that

the English have \$100,000,000 of gold in the form of half sovereigns; that the French have \$250,000,000 of gold in 5 and 10-franc pieces, and that the Germans have coined \$120,000,000 in 5 and 10 mark pieces, although some small portion of the latter coins are not now in existence.

The India Government have recently published a memorandum by Mr. O'Connor, of the Department of Finance and Commerce, in which, as it seems to be admitted by his opponents, he has shown that the prices of Indian staples have fallen in the markets of European gold standard countries decidedly more than silver has fallen relatively to gold. Estimating "roughly," to use his own words, he contends that what the exporter of Indian staples to those markets gains from the premium on gold, is only about two-thirds of what he loses by the fall in gold prices in those markets. Taking the whole case together, the fall in gold prices and the fall in the gold value of silver, he maintains that the exporting of Indian staples to gold standard markets has been rather hindered and depressed than stimulated. But it has been pointed out that he omits to notice, that while prices in gold standard countries have been falling, the rate of ocean freights from India to Europe has also been falling, so that the exporters of Indian staples gain as much by cheapened transportation and the premium on gold taken together, as they lose by lowered prices in the markets to which the staples are sent. The result of the whole situation is, that Indian prices, which are silver prices, remain substantially unaffected, and that Indian agricultural production proceeds undisturbed.

A Paris newspaper announces that the French Cabinet will propose before this year is out a 12-per-cent. tax on the income from the national debt, which is now free from any tax, while dividends on all other securities, shares in companies, etc., are taxed three per cent. The Paris correspondent of the London *Economist* says that this announcement is merely sensational, and that the holders of the national debt are so numerous that no Cabinet will ever dare to propose to tax the income on it at all. If this correspondent lives long enough, he will be wiser than he is now. When a great war comes, or a great emergency of any kind, the income of the French national debt will be taxed, and perhaps more roundly than twelve per cent.

During April, May and June, being the first three months of the current fiscal year of India, the net import of silver by that country was \$10,150,280, or at the annual rate of \$40,601,120, reckoning the rupee at its old value of ten to a pound sterling. But at the present gold value of silver, the net import would be fully 25 per cent. less. During the seven fiscal years ending March 30, 1885, the net Indian

import of silver, reckoned at its old value, averaged annually \$29,-285,714.

During the last fiscal year in India, ending on the 31st of March, its net import of silver, at the old gold value of the rupee, was \$56,287,311, but that was an extreme figure, resulting from large Chinese loans negotiated in London, the proceeds of which were remitted in good part by drawing upon silver sent to India.

A newspaper interviewer gives an interesting and important summary, by Senator Frye, of the results of the testimony taken by a Senate Committee in respect to the fishery matters in dispute with Canada. Senator Frye says in substance, that it is conclusively shown that our right to fish inside of a line three miles from the Canadian shores is without value, even if it could be exercised freely; that purchases of bait from the Canadians are of no consequence whatever; and that there is no occasion for our fishermen to enter Canadian ports at all except for shelter, wood, water and repairs, to which our right is clear under the Convention of 1818, although it has of late been practically nullified by the vexatious regulations of the Canadian authorities. He says further, that it is shown that Canada has no equivalent which it can offer us for admitting its fish duty free, and that our true policy is to increase the existing duty on pickled fish, and to impose a duty on fresh fish which is now admitted duty free. He adds the expression of his own opinion, in which we fully concur, that it is impossible to frame any general Reciprocity Treaty with Canada, which will not be to our injury. He shows that the same invincible difficulty, which induced the Senate to refuse to consider the Reciprocity Treaty negotiated under Gen. Grant's administration, still exists. England will not allow Canada to give to our manufactures any privileges which it does not accord to British manufactures, and all we can get is the right of competing on equal terms with British manufacturers, which we already possess there and in every part of the world. To pay anything for such a right, which is of little or no value, and which we now possess without bargaining for it, seems to be the acme of folly. What we are asked to pay for it is the abandonment of millions of dollars of revenue, and the complete surrender of our markets to Canadian lumbermen and agriculturists. If such schemes ever come up for serious discussion in Congress, they will doubtless be thoroughly dissected by Senator Frye, who has gone to the bottom of the subject and understands it in all its ramifications.

All accounts agree that, upon a comparison of the United States with Europe, there is more tendency here than there to a fuller movement in the exchange of commodities, to a sustained consump-

tive demand for products, and to at least a firmness in prices, if not a rise in them. That this is the correct view of the situation, is proved in a general way, but quite conclusively, by our unusually heavy importations from Europe, which have been in progress since the beginning of 1886, and still continue. The international movement of commodities is controlled, as that of metallic money is, by relative prices; commodities going to higher markets, and money to lower markets.

Of course, there can be no important upward movement in prices here until it causes a similar movement there, since otherwise there would soon be an adverse balance of trade which would draw our money away to Europe. The upward movement in prices here, commencing in the summer of 1879, was followed by an upward movement there, from which it is argued by some persons that the same thing is likely to happen now; but there is a difference in the circumstances in some important particulars. The most important of them is that we were not only able to sustain the large importations which swelled our revenues during 1880 and 1881 without having our money drained away, but also to simultaneously draw money from Europe. Our exports increased then quite as much as our imports, because we then had substantially the monopoly of supplying Europe with the wheat it must import, and we not only sent great quantities thither, but received great prices for what we did send. That cannot happen again, with other countries, and especially India, coming to the front as exporters of wheat, and it seems unlikely that we can now furnish a sufficiently increased market for European goods, to sensibly stimulate European industries.

Taking as an illustrative case, that of iron, about the situation of which here and abroad we have the most exact data, it is certain that the better sustained consumption of it here than elsewhere has been causing considerable importation of it from Europe, during the year past. Still increasing importations of it, especially in the form of rails, are expected in the immediate future. The prices paid to the foreign producers have been small, but, nevertheless, the sales which have been made here are constantly referred to by English writers as having been the most encouraging feature about their markets. But this support to their markets has proved entirely inadequate, and it has recently been announced that the iron masters in the Cleveland district, in England, have been obliged to combine to reduce the output, their unsold stocks having doubled during the eighteen months ending with last June, and then amounting to upwards of 700,000 tons. It is thus certainly true as to iron, that in the present condition of the power of other parts of the world to purchase it, there is no probability that we can purchase it in Europe on any such increased scale as to raise its prices there. What is true of iron, may safely be assumed to be

true of most other things. We see nothing potent enough to raise European prices, unless it is so great a war between its leading nations as would necessitate enormous issues of paper money, as the Franco-German war did, and of such a war there are now no signs in the horizon.

The plans proposed for a new basis for the circulation of the National banks, most commonly embrace the feature of a guarantee fund for the redemption of the notes of such banks as may become insolvent, on the general principle of the Safety Fund system which existed in this State about fifty years ago. According to most of the plans in which this feature is found, the redemption fund is to be made up out of contributions by the banks, in proportion to either their capital or their circulation, and we think that no other mode of making up such a fund is politically practicable. Other suggestions are made, such as that the Government shall contribute to the fund, or furnish the whole of it, by turning over to it the profit it has made and will make out of lost National bank notes, or the tax it receives on National bank circulation. However strong the reasons of equity and policy may be in favor of these suggestions, it is absolutely certain that Congress will never adopt them. The National banking system could not have maintained itself to this time against the popular ideas that the Government is entitled to all the profits on the circulation of paper money, and should issue its own notes rather than permit banks to issue them, if it had not been for the fact that the public treasury did receive in taxes on bank circulation a fair equivalent for those profits. We must deal with the sentiment of the country as it actually exists, and as it is actually reflected by Congress. No scheme of a redemption fund for bank notes, made up in whole or in part by contributions from the Treasury, or in any other way than by contributions from the banks, will be listened to for a moment at Washington. No politicians can be found, who will incur the unpopularity of supporting any other scheme.

Whether banks can afford to make the necessary contributions to such a fund, is for them to decide, but some of the most eminent and responsible representatives of the banking system have expressed the opinion that they would be ready to do it. The needed contributions would be very small, and it is by no means certain that the burden of them would be any greater than that of putting up Government bonds at their present prices as the basis of circulation.

On the 20th of last July, the Acting Secretary of the Treasury appeared before the Senate Finance Committee, accompanied by the Treasurer, Mr. Jordan, to give information bearing upon the ex-

pediency of passing the Morrison resolution, requiring the application of surplus moneys to the public debt, which the House had sent up to the Senate.

Among other computations, Mr. Jordan submitted one showing the sums applied year by year to the interest bearing debt, from the fiscal year ending June 30, 1869, to the fiscal year ending June 30, 1886, both inclusive. The total interest bearing debt paid off during that time was \$1,155,106,900, and Mr. Jordan points out the two following losses which we should have avoided, if the country had not paid off any of it :

First, the cost, \$44,998,804, of collecting the money wherewith to make the payments on the principal of the debt. *Second*, A loss of \$148,965,198, being the difference between the interest saved by making those payments, and the interest lost by the taxpayers on their contributions towards the payments. Mr. Jordan's exact language on that point is—

Assuming that the people from whom this amount has been withdrawn could have earned on this cost, if the money had remained in their hands, 6 per cent. interest, the difference in the actual rates as earned by the debt, shows the amount of loss.

Of course, this loss in the matter of interest, if it is real, will be greater in the future than heretofore. In 1869 the great bulk of the debt carried 6 per cent. interest, the exceptions being a few 3 per cent. certificates used by the banks and \$200,000,000 of the 10-40s which carried 5 per cent. interest. As refundings have since considerably reduced the rates, more must be lost by the taxpayers, who are assumed by Mr. Jordan to be capable of realizing an average of 6 per cent. on all that the tax laws permit to remain in their pockets.

The object of Mr. Jordan in causing these laborious tables to be prepared and printed at the public expense, was to persuade Congress not to insist upon any more debt paying, and especially not to pay off any more of the 3s. On his theories, the country would gain 3 per cent. per annum by keeping the 3s forever in existence.

He overlooks a good many things, such as that no such favorable refundings as have been made since 1869 would have been possible without the steady reduction of the debt; that at least half of the taxes on imports are paid by the foreign producers of the things imported; and that both our internal taxes and so much of our import taxes as are paid by our own people, do nothing more in a large proportion of cases than to enforce economy by restraining classes of consumption which are at most mere indulgences, and often something worse. If the politicians who are so anxious to repeal the whiskey taxes could carry their point, what proportion of the money thereby saved by the whiskey drinkers, would fructify as capital at 6 per cent. interest, and what proportion would be applied to the purchase of additional whiskey?

A Boston contemporary figures the net profit on the capital of the National banks in that city during the past year at nearly 9 per cent., including, as it ought to include, the increase in the item of undivided profits. This would be great prosperity, and, whatever the real measure of it may be, it must be set down to the score of good management, as there are no complaints that those banks are not conducted with a due regard to the interests and just claims of the business community concerned. But it is plain that the percentage of net earnings should be calculated, not on the par capital of those banks, which is \$52,450,000, but on their real capital, including accumulated surplus and undivided profits, and amounting to \$70,249,074, thus reducing the rate to less than 7 per cent.

The accruing national surplus during July, August and September, the first three months of the current fiscal year, was just about equal to the \$22,000,000 of bond calls which matured during the same months. If the accruing surplus continues at the same rate during the last nine months of the fiscal year, which is not probable, the aggregate surplus of the year will fall somewhat short of what it was last year.

The expenditures for this year will exceed those of last, and although the internal revenue holds up well, and even increases, it will be extraordinary if the enormous importations which are now swelling the customs' revenue, can continue a great while longer. They certainly cannot without causing an export of gold, unless there is a large export of railroad bonds, which does not seem probable at their present high prices in our own markets. As to our railroad stocks, all accounts except manufactured ones agree that confidence in them is completely destroyed in Europe, and that there is no investment demand for them there, although London dealers gamble in them on margins, as they are ready to do in anything.

During the time still to elapse before Congress can legislate, the situation will become more clear than it is now. The outlook is, that the aspect of affairs next winter will be such as to strengthen the hands of the sounder and more conservative members of Congress, who will resist all unusual and large expenditures, and who will preserve and husband all existing revenues. No vote so large for the wild scheme of abrogating all internal taxes as was obtained in the last House, can be obtained in the present House. That scheme is nothing short of a deliberately premeditated deficiency in the means to meet ordinary expenditures.

If French custom-house returns are to be relied upon, the imports of gold coin and bullion exceeded the exports during the

first seven months of this year \$34,681,626, and the net import of silver was \$9,382,225 during the same time.

The consumption in France of both metals in the arts is considerable, as French gold and silver objects of luxury are marketed abroad as well as at home, and are sold in the shops of Paris quite as much to the rich visitors who flock there from all parts of the world, as to the Parisians themselves. The silver used by the Paris manufacturers has been estimated at 1,000,000 francs per week, or \$10,000,000 annually. But the French net import of the precious metals, and especially of gold, is only in part accounted for by their consumption in the arts.

THE BUILDING TRADES.

It was noticed in Great Britain during the business depression which ended with 1879, that the erection of houses proceeded with more than common activity in the towns, and especially in London. Many other channels for the employment of capital were closed during that period; mining and manufacturing enterprises were being curtailed rather than enlarged; the labor and materials for house building were comparatively cheap; and except at the beginning of that depression the rates of interest were low. This latter circumstance stimulated building in two ways. Persons having capital to invest would erect buildings, even if the rents expected from them were moderate, because only a small return could be obtained by loaning their money; while speculative building was encouraged by the ease and cheapness with which real estate mortgages could be negotiated.

What was noticed in Great Britain during the depression of 1873-9, in respect to house building, has been noticed, and in a more pronounced degree, in this country during the depression which has lasted now some four years and is still felt. It is not merely in New York and its environs that building is specially active, but it is in nearly all our cities, widely as they are separated from each other, and diverse as they are in the sources of their growth and in other conditions. We see the same fact in San Francisco, in Chicago, in New Orleans, in Philadelphia and in Boston, that we see in this city.

The expansion of the population of the country holds up better than it did during the depression of 1873-9, the falling off in immigration being very much less during the present depression than it was then. Rates of interest began to fall from the very commencement of the present depression and have reached a much lower level than ever before. Between 1873 to 1879, it was considered

to be an achievement in finance to dispose of 30 year 4 per cent. Government bonds at par, with the allowance of a commission to the distributors. To-day, with the public credit not one whit stronger than it was then, Government 2 per cent. bonds on that length of time and with the same exemption from taxation would be readily taken at par and without any allowance of commissions. A corresponding fall, or an approximately corresponding fall has taken place in the income derivable from the purchase of securities of every kind, and with the necessary effect of compelling capital to seek other investments. And nothing offers itself so readily on every hand, or is equally acceptable to so numerous a class of capitalists, as the erection of houses for the accommodation of a rapidly increasing population. Public securities as a whole are not only not expanding in proportion with the expansion of disposable capital, but are becoming absolutely fewer in number and quantity, under the example of debt paying set by the National Government, and with the distinctly growing energy of popular hostility to debts not resting upon property, or paid out of the income of property, but quartered upon the tax-payers. Until there is a revival, therefore, in the demand for capital for productive enterprises, house building will attract a marked degree of investment, because the demand for more houses keeps pace with the increase of population, and rather more than that, inasmuch as with an increase of wealth greater than that of population, more house room *per capita* is called for.

Taking a view of the whole country, there is undoubtedly a deficiency in both the quantity and quality of house accommodation. In this city and its immediate environs, Brooklyn, the New Jersey side of the North river, and Westchester county, the deficiency is extreme. It is not extravagant to say that the amount now annually expended towards supplying it could be doubled for a decade to come without oversupplying it, and without bringing it up to the Philadelphia standard in the matter of housing its people. The Earl of Dunraven startled the world not a long time ago, by declaring that the West of Ireland could not be brought into a decent, or even tolerable condition, without deporting half a million of its people. There must be an equal deportation from the existing tenement houses in New York city proper, before its condition will cease to be scandalous and abominable, neither of which words is too strong for the case. It is not deportation to foreign countries or to distant territories of our own, which is required, but deportation to quarters which shall be both better and cheaper. Such quarters can be erected in apartments in central and well-devised structures, such as the Peabody Fund is giving examples of in London, or as a few public-spirited and far-sighted men are giving improved copies of in New York and Brooklyn. So too

they can be created in rows of small houses, completely independent of each other, such as are found in Germantown, Kensington, Frankford, and other suburban districts of Philadelphia. Both these classes of improved quarters will be required to suit different tastes and conditions, and an immense field for a safe and fairly profitable employment of capital will be found in meeting these requirements. The advantage to capital from meeting these requirements is, however, of immeasurably less importance than its other advantages in relieving the laboring and poorer classes from the exaction of exorbitant rents for miserable accommodations; in improving their comfort, health and morals; and in making them more self-respecting and in all ways better citizens.

Nobody expects capital to take the direction of house building, or any other direction, from motives of benevolence. What it seeks in investment is the largest income with the best attainable safety and with the requirement of the least care and trouble. It is in public and other sound securities that these conditions have until lately been most perfectly combined. But the situation is now changed. Whether the change involves more advantages than disadvantages, is a question about which men will be likely to differ. But that the change has occurred as a matter of fact, there can be no doubt. One of its inevitable consequences will be that capital will be hereafter more directed to house building and will continue in the new direction until rents in such cities as New York are reduced very considerably below their present level.

AMERICAN WHEAT EXPORTS.

During the fiscal year ending June 30, 1885, the custom house valuation of our exports of wheat was 86 cents per bushel, whereas the average of the same valuation for the sixty-six preceding years was \$1.21. The fall in the prices of wheat in the foreign markets to which the exports were made, has been even greater than the foregoing figures would indicate, inasmuch as ocean freights were a good deal lower in 1885 than their average during the preceding sixty-six years. The custom house valuation of wheat during the year ending June 30, 1886, is not expected to show any improvement, and according to general opinion, no improvement is probable for some time to come, unless it shall arise from the outbreak of wars on a large scale in Europe.

Many persons suppose that the United States has always been a great wheat exporting country, and that it will be an inconceivable and overwhelming disaster, if from a fall in prices and competition from new quarters it shall cease to be so. But the

records show with certainty that the period during which our wheat exports have been large has not been a long one.

During the fifty-five years ending June 30, 1875, our aggregate exports of wheat, and of flour reduced to wheat, were 1,081,404,369 bushels or at the rate of 19,661,398 bushels per annum. During the eleven years ending June 30, 1886, the aggregate export was 1,340,249,787 bushels, or at the rate of 121,840,889 bushels per annum.

From 1826 to 1860 our annual average export of wheat (including flour) was only 8,688,012 bushels.

The last report of the statistician of the Agricultural Bureau says:

"For eight years after that date [1860], under the stimulus of the premium on gold, the average rose to 36,569,985 bushels. Then the deficient European harvests of later years gave excuse for larger breadth of our wheat fields."

It is plain, therefore, that our special importance as a wheat exporting country does not antedate the civil war. The theory of the Agricultural Bureau, that wheat exports were originally stimulated by the depreciation of our currency which the civil war brought on, may or may not be true; but the main causes which have kept them up since that time, have been the ten years cycle of bad European harvests, and the cheapening by railroads of transportation from the western fields to the shipping ports. It looks now as if increased competition in old quarters, and unexpected competition in new quarters, will reduce our wheat exports again to a minimum. But the fact remains that the far West owes its miraculous expansion of population to the epoch, even if not a long one, of large and prosperous wheat exporting. That population, now that it is firmly planted where it is, has the intelligence and vigor, if necessity requires it, to seek out new industries, which will carry it to a yet higher pitch of prosperity, just as California, the settlement of which was hastened by at least half a century by the gold discoveries, is now growing richer, stronger and more populous as the yield of the gold mines declines.

If it had been the good fortune of Manitoba to have had its occupation entered upon fifteen or twenty years earlier than it was, it would have enjoyed a period of great prosperity from an activity and high prices in the European markets for wheat, which have now disappeared. In that supposed case, the Canadian Northwest and our own West would have divided between them a stimulus to their development, which in the actual course of events has been monopolized by the latter. That is a realized advantage of which our own West cannot now be deprived. The growth of the British Northwest must be comparatively slower. It certainly cannot compete in grain exporting with India under present conditions.

COMMERCIAL EXCHANGES.*

CHAPTER VIII.—(Continued).

AMERICAN STOCK EXCHANGE METHODS.

But here is this association and its auction-house already established. Here the entire issue of bonds, half a million dollars, of the new road, may be disposed of perhaps within a week, possibly within a day or two. Any other plan than bringing them here would require weeks, very likely months, and it is not unreasonable to say that the effort might fail entirely. The assistance given by the trust company, and its endorsement of the legal status and genuineness of the enterprise, is a powerful advantage in its favor; but even that is not so influential as the endorsement of the committee of this association, composed of capitalists, investors and brokers.

Here many capitalists venture investments, relying upon their ability to dispose of the commodities bought through the medium of this association. Their capital is their stock in trade. They would not consider for a moment a permanent investment in the bonds or stocks of a railroad corporation. Without the opportunities and advantages offered by this organization for throwing their investments upon the market, whenever they might desire to realize on them, they would seek other avenues in which to use their money, or leave it hoarded in the banks for use when it may be needed.

The two plans of proceeding are discussed, and the Shopton and Cropville Railway Company decide to lose no time in bringing its stock and bonds to the notice of brokers and capitalists at the Stock Exchange. A carefully-prepared prospectus of the proposed line of road has been published, and copies of this are judiciously circulated among brokers, and through them to their customers and principals. The committee on securities of the exchange have authorized the stock and bonds to be "listed" for sale upon the floors of the association. The plan adopted by the railway company is to sell its first issue of bonds at par, and deliver to each purchaser, as a gratuity, twenty per cent. of his purchase in the stock of the company, provided that no purchase shall be for less than five bonds, or five thousand dollars. The certificates of stock are made out in ten and one hundred share lots.† The par value of the stock is one hundred dollars per share. Thus an investor who buys five bonds of the par value of one thousand dollars each will receive, without cost,

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† At the New York Exchange a "lot" must not be for less than one hundred shares. At the Consolidated Stock and Petroleum Exchange, "lots" are ten shares.

ten shares of the capital stock, with a par value amounting to one thousand dollars. If, now, he can dispose of the stock at fifty dollars per share, his bonds will have cost him but nine hundred dollars each.

Arrangements for negotiating the securities are made with the firm of Magnate & Ticker, stock brokers. Magnate is a capitalist of prominence in the "street," and Ticker is a member of the Exchange. Their charges for sales upon 'change are one-eighth of one per cent. of the par value of the securities sold.* The proceeds of all sales are turned over to the Evenup Loan and Trust Company, where it is held in trust until all requirements of the railroad company are complied with, as to that particular issue of bonds.

Mr. President of the railroad company visits a broker's office on his own account. He has concluded to purchase a lot or two of the bonds, and, by making his purchase through a member of the exchange, aids in making a market price for the securities. Leaving his certified check for ten thousand dollars, he instructs the broker to buy for him ten bonds of the S. & C. Railway at par when offered on the floor of the exchange. Mr. Grainspout, of Cropville, a director of the new corporation, who has come down to Cashopolis to "give the scheme a lift," finds his way to a broker's office also. Introduces himself, and leaves a certified check for a thousand dollars, with instructions for the broker to buy ten bonds of the S. & C. Railway with the "buyer's option" for three days, and to advance ten per cent. as a "margin." The broker with whom the arrangement is made picks up a small pad printed in blank, to be filled out. He dates it, and adds after the word "Buy" "10 Shopton bds. par buyer 3," and attaches some singular hieroglyphic, which the person for whom it is intended will understand as a signature. Calling a messenger, hastens him to the stock exchange with the roughly-made note. Within ten minutes after the order is given the instructions are in the hands of a member of the exchange on the floor.

Securities of this kind, that is, Government, State and railroad bonds, are called twice a day in the bond-room of the New York Stock Exchange, at 11 A. M. and at 1.45 P. M. The chairman reads the list, and those wishing to buy call out their offers. The long list makes the utmost activity a necessity.† As soon as the brokers who have instructions to buy hear "Shopton," they respond immediately, and the clerk notes the sales on his register. In one case, that where the cash is paid, the bonds are delivered by broker Ticker to

* No member of the Stock Exchange is permitted to buy or sell stock or security of any kind without charging a commission. In the New York Stock Exchange this commission is established for railroad and other securities, excepting mining stocks and Government bonds, at one-eighth of one per cent. on the par value.

† There are often more than six hundred securities on this list to be called in the bond-room of the New York Stock Exchange.

the purchasing broker, but in the other case, the buying broker receives only a ticket for the thousand dollars advanced, which entitles him to claim his purchase at the expiration of three days and pay the remaining nine thousand dollars. The principals, who have ordered these purchases, pay the customary one-eighth of one per cent. to their respective brokers.

These, with a few other transactions in the new bonds, give them at once a standing in the market. Capitalists begin to look into the new enterprise. Prospects seem favorable for the road to be built without great delay, and the scheme looks promising. If the stock can be raised to something above fifty dollars a share, the bonds are a good investment for speculation. Under such a feeling one should not be surprised to see a small syndicate formed to take the entire lot of bonds on the market. Such a transaction would close up the first issue of bonds of the S. & C. Railroad, and put the snug sum of six hundred and twenty-five dollars as commission to the credit of Magnate & Ticker's bank account. It would also have the effect of throwing one thousand shares of the new stock upon the market. The combined efforts of the syndicate will then be brought to influence the market for the stock. The broker having the sale of this is a member of the syndicate, and he naturally becomes a ranting "bull," with his horns under the Shopton scheme, expecting to raise it a "point" at every toss of his head. He walks over to the exchange, and, planting himself at one end of the stock-room, begins his feat by vociferously crying, "Five hundred Shopton at 60." "One thousand Shopton at 60." "One hundred Shopton at 60." He succeeds in bringing a crowd around him, but nobody appears anxious to buy. At length broker Oyler comes along and hears the full-blood crying, "One hundred Shopton at 60," responds, "I'll take the lot." With the twinkling of an eye each dots his notation upon a small pad, and a transaction of six thousand dollars is perfected. Then the seller continues his auction. No one present knew that the last transaction was a "wash," that is, an arrangement between buyer and seller, for the purpose of having the stock receive a quotation upon the list of sales. The buyer receives his commission, though there is no actual transfer of stock.

Mr. Twister is of that class of brokers who enter most largely into the speculative field. He ferrets out the history of the new corporation, and sets about a scheme to make a "strike" out of his information. He learns that the company will soon put out another issue of bonds, and that an issue of its stock is also to be put upon the market. That now on the market is being offered at sixty dollars per share. Should he offer to sell a few lots at fifty-nine, the present holders, he understands, would be obliged to buy, to prevent a drop in the market. Figuring out that with-

in thirty days the new issue will be out, and believing he can bring an influence to bear that will depress the prices so as to buy at a less rate, he enters the board-room of the exchange and crowds his way through the throng till he gets up to the tossing "bull" offering "Shopton at 60." Raising his hand in the throng, and swinging it violently, Twister shouts, "One hundred [Shopton] at 59.30." "One hundred at 59.30." Throwing his hand tragically towards the "bull" broker, he cries still louder, "One hundred at 59.30." This offer must be accepted for the syndicate, or the quotation will go down. That must not be allowed, and the "bull" replies, "I'll take it." Both note the transaction, and the buyer dispatches a messenger to his principals, informing them that Twister has "sold short," and he has "bought 100 Shopton at 59 30 days, ten up." His principals understand by this that he has been obliged to protect the market. Twister has sold what he did not have, but which he expects to procure in time to fulfill his contract within the thirty days, and that there must be a "margin" of ten per cent. paid.* The broker no sooner dispatches his messenger than he swings his hand in the air and belches out, "I'll give 60 for one hundred Shopton," and again repeats it with increased ambition. Twister has gone. As he concludes that one lot is as much as he cares to speculate on, he does not return to make another sale. The bid of 60 holds the market. The quotations for the day will stand—"Shopton opened at 60, declined to 59, closed at 60." To one familiar with the board-room these few words form a perfect history of what transpired, with the names of the operators omitted.

As the time approaches for Twister to make his delivery, and as the market price of "Shopton" has advanced instead of declined, he begins to see the trouble before him in "covering his shorts," that is, buying stock to make good his contract. Being "short of the market," he becomes a prowling "bear" after "Shipton." By persistently "gunning the market" he hopes to bring down his game. This he attempts by circulating as many demoralizing predictions concerning the stock "sold short" as his fertile brain can produce. "The road won't pay," is one "bear story." "Its first mortgage will clean out the stockholders," is another. "It can't pay a dividend within five years, even should it be able to keep out of liquidation thus long," is the third, and many others follow in rapid succession. The inevitable comes, and when it does, Mr. Twister, instead of having taken the precautionary measure of "covering his short" when he had opportunity to do so at 60, has permitted the "bulls" to get a "twist" on him by now artificially advancing the price to 62½, with the determination of "squeezing" their growling quadruped of the genus *ursus*. He may pay the

* It is customary with brokers to demand a deposit of ten per cent. on the selling price, in order to insure the fulfillment of the contract.

"difference" if he so chooses, but he prefers to deliver the stock and buys the necessary shares, makes a "good delivery," and cries "quits" to the tune of three hundred and fifty dollars for his bearish operation.

The secret of the advantage held by the syndicate lay in the fact that they had "loaded" themselves with Shopton by having taken the entire "block" of the new issue, fifty lots of one hundred shares each, five thousand shares at fifty-nine dollars a share. This purchase made them "long of Shipton," and they set vigorously at work to "force quotations." By circulating highly-colored stories of the new enterprise, the rich country through which it would pass, the prospect of a rapid advance in the stock, etc., they were enabled to "balloon" the price of shares until it reached 65. They were accused of "saddling the market" by foisting Shopton upon the board in the way they had done, but it did not prevent them from "unloading" their "holdings" at the highest point reached, and pocketing a clear thirty thousand by "bulling the market."

The Shopton Company pushes the work of their road with great earnestness. A new issue of bonds, amounting to a million dollars, has been successfully disposed of at ninety cents on the dollar. The proceeds from these, with those from the five thousand shares, had braced up the bank account of the company with nearly a million two hundred thousand dollars.

Director Grainspout becomes much elated over the success he has met with in his venture. By advancing a thousand dollars as a margin on the bonds bought for him, he "sold out" both stock and bonds, making three hundred dollars. This turns his head to Cashopolis, and, selling his business, brings the proceeds, above a hundred thousand dollars, to the great money mart. Getting settled here, he makes application for membership in the Stock Exchange. The membership being limited, and the limit having been reached, he must buy his seat from some member who wishes to retire. A premium over and above the regular admission fee is asked, and he accepts the offer, upon the condition that his application is accepted by the committee on admissions. His credentials being found satisfactory, he receives notice of his election, pays for his membership, rents an office in a convenient locality, and becomes a broker.

He starts out with a determination to do a legitimate commission business. With an extensive acquaintance among a class who have money to invest through the medium of the Stock Exchange, and who have confidence in his honesty and ability, this course will undoubtedly prove a sufficient reward in a remunerative way. He may "take a flier" occasionally, investment in some important venture, using only a small part of his capital; but he firmly re-

solves to "fly no kites"—enter into schemes for speculation which absorb his capital and test his credit. The class of brokers who follow a strict commission business are, as a rule, most successful. "Scalpers" who buy up certain stocks, when they apprehend an advance, and "bull the market," often make large sums of money, but they take great chances, and sometimes get so completely "wiped out," that they are forced to retire from the association, and drop in among the "gutter snipes" or "curb-stone brokers," who have no regular place of business, and depend upon small operations upon the sidewalks in the vicinity of the Exchange.

Our newly-made member hopes to "fight shy" of the "guerrillas" and their bushwhacking localities upon the floor which bear the unpopular titles of "Hell's Kitchen" and "Robbers' Roost." These operators have received their descriptive cognomen from their dealings in stocks which the majority of brokers do not handle, and which have dropped out of general traffic. Such are known as "inactive stocks."

Mr. Grainspout dons his best suit and makes his first visit, as a member, to the exchange. As he enters the board-room a jangle of screeches and screams catches his ear. There are several hundred upon the floor, and to him the scene was particularly striking. Gathered in groups, ranging in numbers from five or six to as many dozen, were the "bulls" and "bears," capitalists, "scalpers," "guerrillas," men with gray hair, and some with no hair; young men under beavers; older ones under derbies and skull-caps; some dressed in light and others in dark, and, fortunately, all were dressed in some way, though from the bedlam of bids, cries and calls, one would imagine that possibly a large majority were fighting the tiger in their nudity. A hundred hands are up in the air and shaking magically. Two fingers are stretched out by a small, squint-eyed, red-headed belcher just at the right. Immediately in front of him up goes three fingers on the arm of a crane-shaped dandy, with his mouth stretched wide enough to swallow a bear of good size, and take in her family of cubs to complete the mouthful. Opposite the doorway stands a queer-looking Josey, with his nose slightly twisted to one side, and a huge diamond pin on a white shirt bosom. His right hand is elevated, pounding space just over the bald head of a small bystander, and he yells, "One hundred at 82, cash." Somebody responds, "Take 'em," and Josey says, "Sold." A hair-lip, owl-eye, pompous old gent, with an immense corporation, tries to put up three fingers as he cries, "Three quarters for a hundred." His hand doesn't get much above his neighbor's nasal organ before a sedate little chicken says "Mine," and scratch-it-a-scratch goes the leads on small pads in the hands of both buyer and seller. A raw-boned, square-shouldered, go-easy, with an unreadable face, deliberate movements, and an air of don't-

careativeness, quietly puts up his right hand, waves it slightly, and calls out, "I give a quarter for a hundred Lake Shore." "Sold here," responds a reed-legged dealer. "I'll take another lot if you've got 'em." A shake of the head answers the question.

The new comer begins to attract attention. One, who has a slight acquaintance, offers to introduce Mr. Grainspout to some of the members. They haven't proceeded far on the tour of acquaintance-making before a small, fun-making curly-head places the latest quotations of "Shopton" on the back of the new member's broad-cloth coat. Mr. G. turns around to see what is going on, and his new beaver goes up in the air and lands about twenty feet distant on top of pussy millionaire's stove-pipe. Some hilarious broker gives it a touch, and it flies back in the direction of its Cropville owner. "Mr., here's your mule," some one sings out, as the beaver flies about thirty feet into the air. The gentleman from Cropville makes a lunge forward to catch his newly-acquired property as it comes down, when half a dozen fun-making operators swing him on top of their shoulders, and start off through the crowd on the gait of Maud S. The chairman brings down his gavel, but by this time the fever of introduction has caught to a hundred others, and the air is made blue with peal upon peal of laughter and groans; shout follows shout as the hazing of the importation continues. When the hilarity has spent itself, Mr. Grainspout is permitted to gather himself up and "get even" by enjoying a finely-spread lunch with a party of his newly-made acquaintances.

After this hearty initiation, the recent addition to the list of members feels himself quite at home on the floor of the board-room. When the Shopton Railway brings out its new issue of "convertibles," bonds which may, if desired by the holder, be converted into their equivalent in shares of stock, Mr. Grainspout becomes a busy operator. Orders to buy these securities come in rapidly from his friends at Cropville. The stock of the new corporation is held firm in the market. Orders for this also reach him almost daily. He finds that many of his customers desire to buy on a "margin." One sends him two hundred dollars, with instructions to buy on his, the sender's account, fifty shares of Shopton at \$65. Mr. G. goes to the exchange and calls his bid for the share wanted. The offer being accepted, he takes the stock and pays the full price of \$3,250. This amount, together with his commission, he charges to his customer, and credits him with the \$200 remitted, thus:

Mr. BUYER.

To 50 Shipton @ 65.....	\$3,250.00	By Margin.....	\$200.00
Commission.....	6.25		

Should the stock decline one dollar a share the buyer loses fifty dollars. If it advances one dollar a share he makes fifty dollars. Should it decline four dollars a share the buyer's two hundred dollars is "wiped out," unless he promptly remits another "margin" so as to insure the broker against loss in holding the stock for him. When the broker holds the stock more than three days he charges his customer interest on the investment. Presuming the customer has directed the broker to sell at the expiration of three days, and presuming also that the price has advanced one dollar a share, let us see the form of statement Mr. Grainspout will send Mr. Buyer :

CASHOPOLIS, &c.		
Mr. BUYER,	In account with A. GRAINSPOUT.	
To 50 shares Shipton @ 65.....	\$3,250.00	
Commissions buying.....	6.25	
" selling.....	6.25	
By sale of above @ 66.....		\$3,300.00
Remittance.....		200.00
Certified check to balance.....	237.50	
	\$3,500.00	\$3,500.00

Mr. Buyer, in this case, makes a large per cent. on an investment of two hundred dollars, three days, \$37.50. But he took the risk. Had the stock declined one dollar a share in the three days, and the broker closed it out under the instructions, the result would have been quite different. The charges against Mr. Buyer would have been the same as before :

To 50 shares Shipton @ 65.....	\$3,250.00	
Commissions buying.....	6.25	
" selling.....	6.25	
By sale of above @ 64.....		\$3,200.00
Remittance.....		200.00
Certified check to balance.....	137.50	
	\$3,400.00	\$3,400.00

His loss in this instance would have been \$62.50.

For the purpose of further illustration, we will presume Mr. Speculator sends in his order for one hundred shares of Shopton and

remits \$500 as margin money. He is expected to hold the stock at least thirty days, perhaps sixty or more, unless a favorable opportunity occurs to sell at a good advance. The broker must hold himself ready to make an actual delivery of the stock at any time should the customer want it himself or desire to sell. To insure this ability the stock must be purchased. The broker is not obliged to keep this stock locked up in his safe, especially if money brings a fair price on the street he would want his where he could use it. The customer for whom the broker holds the stock understands that there must be paid to the broker whatever rate of interest money is worth at the time for carrying his stock. The rate charged by the broker in such cases is not usually as much as his money is really worth, but this difference is well compensated for by using the stock as collateral or loaning it to other brokers who have "sold short."

A transaction of this kind will involve a different principle in the broker's record. He requires an account separate from the others for stocks purchased in this way for his customers, but held in trust for them and kept in his own safe. This he calls "Stocks in Trust." Then there is needed an account of stocks used as collateral for borrowed money or loaned to other brokers. This he calls "Stocks Loaned." Keeping these two accounts for his own office system and convenience he makes his customer's account in the following form :

MR. SPECULATOR.

To 100 Shopton,			By Remittance	\$500	00
at \$65	6,500.00				
Commission buying ...	\$12	50			

The account of stocks in trust will appear as follows :

STOCKS IN TRUST.

100 Shopton @ 65					
Speculator.....	\$6,500	00			

The Stock Exchange requires the broker to charge his customer six per cent. on the money lent him to buy the stock with. This rule is rigidly enforced. Were it not, brokers with large capitals might

afford to carry their customers' purchases at a less rate, and thus, in time, monopolize the business of the exchange. The rule is for the protection of the members, poor or rich, without distinction. This gives the broker another opportunity for profit. He may, as a rule, borrow at much less than six per cent. the money he lends the customer. Money on call loans does not often bring six per cent., and the broker gains the difference between what he receives and the rate he must pay. It is not an unusual thing for brokers to pay all current expenses of their offices from the profits derived in their interest dealings.

The broker does not actually put the stock he buys for his customer into his customer's possession, but "carries" it for him until it is sold. The customer leaves the stock with the broker as a security for the money he advanced over and above the ten per cent. furnished by the customer. When the stock is sold he renders the customer a statement of the transactions, charging him commissions for buying, selling, and for interest. It is customary with brokers to calculate and charge up interest on their customers' accounts at the end of every month.* It is the privilege of a customer to order the broker to hold in his office the shares or bonds bought on his account; but it is not usual that this is done. It has been done, often perhaps, under special circumstances.

A custom much in vogue among brokers is to lend stock. In lending, the borrowing broker pays for the stock its regular market value, but is bound to return it at any time the lender makes a demand and tenders the market price. The borrower may, if he chooses, return the stock at any time and demand his money. A rule of the exchange provides that, so long as the stock is held, the borrower must send to the broker borrowed of any increase of price if the stock has risen; the lending broker is under a similar obligation, and must send his check for any difference in value if the stock has declined. Prices for the day are made up at 2:15 P. M. The book-keepers are entrusted with the work of watching quotations and keeping the balances properly carried out. While this is a rule which may be enforced strictly, it is not compulsory, and these daily balances are not strictly followed out in actual practice between well-established houses. It is only in cases where the prices have undergone some marked fluctuation that either party calls on the other for differences.

This arrangement of lending stock offers still another opportunity for the broker to swell his profits. In some instances, brokers who have "sold short" are so much troubled in getting the shares with which to fulfill their contracts, that they will pay in addition a small premium for the accommodation. In a time like this brokers who have stock to loan may reap a rich harvest. Having loaned their

* See chapter on Legal Aspects for an important Supreme Court decision relating to this practice.

money at six per cent., they may now loan the stock held for the customer and receive its market value in money, paying only one or two per cent. for it. It is not infrequent that stock becomes so much in demand for "covering short sales" that it will lend "flat," in which case no interest is charged for the money, and all expenses of the transfer are met by the borrower. Occasions have arisen where the borrower has even paid a commission for the stock loaned, and let the loaning broker have the use of the money paid without interest.

Should there arise no opportunity of loaning stock held in trust for a customer, and should the broker need money, he may borrow it from the bank, using the stock as collateral security. In doing this he must hold himself in readiness to redeem at any time the stock so pledged, in case the customer demands it or orders it sold. Money borrowed in this way is on call, and he must be prepared to take up his obligation at any time a demand may be made by the bank. In hypothecating stock at the bank, the broker is permitted to borrow only about seventy-five to eighty per cent. of its market value. The difference of twenty or twenty-five per cent. being considered by the bank only sufficient margin to protect itself against a decline in prices. It is only good marketable securities that will be accepted even upon these terms. The broker using stock in this way either makes a regular transfer of the stock or leaves with the bank a power of attorney, enabling the bank to sell the stock in case he fails to meet his obligation when due. Loaning stock or hypothecating it is recorded in the books of the broker under its appropriate title, which may be either "Stocks Loaned" or "Stocks Hypothecated," or the two accounts may be kept separately. Such accounts are debited when the stocks go out with the market value of the stock at that time, or with the value under which it stands in the account of "Stocks in Trust," if such are the stocks used, and the account of "Stocks in Trust" is credited with the amount, thus:

STOCKS LOANED.					
Supply National Bank 100					
shares Shopton @ 65..	\$6,500	00			
STOCKS IN TRUST.					
100 Shopton @ 65,			Supply National.....	\$6,500	00
Speculator.....	\$6,500	00			

The debit to this account having been previously made the credit at this time closes the account as to this stock. If other stocks were still held the fact would be shown by the account; no credit appearing opposite the debit entry.

The records shown in the two accounts, as illustrated, have no relation to the broker's general accounts, that is, there is nothing in them showing the monetary part of the transactions. This element is represented by an entry in his cash-book through which his cash-account is debited for the amount received and an account entitled "Secured Loans" credited. Instead of the last named account, that of "Bills Payable" may be used if so preferred. The title of "Secured Loans" will serve to keep this class of liabilities by themselves and distinct from the ordinary "Bills Payable" should it be necessary to use such an account in that manner. The following represents the cash-book entry:

CASH RECEIVED.				CASH DISBURSED.			
Secured Loan 100 Shopton to Magnate & Ticker 65.....							
		\$6,500	00				

The credit to Secured Loans will be made in the following form:

SECURED LOANS.			
		Magnate & Ticker 100	
		Shopton @ 65.....	\$6,500

It is not within the scope of this treatise to fully illustrate brokers' methods of book-keeping. The foregoing explanations upon this part of his work are introduced merely as a means of demonstrating the transactions between stock-brokers and their customers and describing the uses to which bonds and stocks may be put by brokers as a means for increasing the profits of their business.

It will be observed from what has been shown that the interest account of the stock-broker may form an important element in determining what his profits are and how they are derived. In the case introduced as a representative transaction, let us see what the result would be when the customer leaves the 100 shares of Shipton stock bought on his account with his broker thirty days. The broker uses the stock as collateral security and borrows on it eighty per cent. of its market value. His interest account at the expiration of thirty days may be described in the following form:

INTEREST ACCOUNT.					
To Interest on 5,200 call loan, 30 days @ 3 %.....	\$13	00	By Interest on balance of Speculator's account 6,500 —500 @ 6 %, 30 days.....	\$30	00
Interest on 800 borrowed to pay on purchase for Speculator 6 %.....	4	00			
Profit.....	13	00			

We are brought, through this, to observe that the only advance required by the broker is that of \$800 on which he receives the regular six per cent. interest. For his position in being able to borrow at a less rate than he receives he makes by the operation thirteen dollars, besides his regular commissions on the purchase and sale of the stock. In buying the stock for his customer he gives his check on the bank for \$6,500. He has deposited the \$500 advanced by the customer, and upon receiving the stock transfers it to the bank and is credited \$5,200, which is eighty per cent. of its market value. This leaves his account overdrawn \$800, to be made good from his private capital. In purchasing the stock he is required to give his certified check. Without having the necessary funds to his credit in the bank he is obliged to ask that institution to over-certify to-day what he will make good to-morrow, and before the check which he gives will reach the banker on whom it is drawn. In this act of the bank arises the troublesome question of over-certification which has received so much attention in financial centers, and which the Secretary of the Treasury has decided unlawful for a National bank to do.

It sometimes occurs with a broker that at the time a customer sells a certain stock "short" he has the stock thus sold on hand belonging to another customer. Instead of going out to borrow the stock sold with which to make the delivery, he uses that being held for the other customer, and in this way the interest charged the customer is a clear profit. An operator who sells "short" must deliver the stock sold the same as in any other case. As he does not have the stock to deliver, he has his broker borrow it for him. The rule is, that all stocks or bonds sold on 'change must be delivered before a quarter past two o'clock on the following day. When the operator orders his broker to borrow stock for him, he gives his check for the stock to be borrowed. Then, when the time comes for the customer to "cover his shorts," which means, practically, returning borrowed stock, his broker must buy it for him in the open market. If the stock has declined, the operator has made the difference between the decline and the broker's commission. If it has advanced, he has lost the advance plus the broker's commission.

When the stock is bought in for the operator it is returned to the broker's safe, and the "short" has been covered. The broker has had the use of the money from the one customer, while the other has been charged for the use of it. Neither customer has been in any way injured by the transaction. The broker has profited through the circumstance of his position.

SELDEN R. HOPKINS.

[TO BE CONTINUED.]

THE BANKS IN 1861.

Many interesting reminiscences of our civil war have been lately published, relating more especially to military movements and their important results, but there are some forgotten or generally-unknown transactions, other than military achievements, affecting most vitally the nation's welfare, of which there is no published record or knowledge, and, as most of those who were actively concerned in these transactions are rapidly departing, it is due to them and to the truth of history that they be spoken of now. It is proposed in this paper to make a brief statement of the effective aid given to the Government in the summer of 1861 by the banks of New-York, Boston and Philadelphia, then organized and doing business under the charters of their several States. Neither from Congress nor from the public has there ever been any recognition or acknowledgment of the value of these services to the Government. The banks, instead of being intelligently regarded as the depositaries of the floating wealth of the people and as means of directing these funds to useful and safe investments, have been ignorantly stigmatized, and especially of late in the Congress of the United States, as mere money-making corporations, selfishly seeking their own ends, without regard to the public welfare. In contradiction to this, it can be said with truth that the banks have been faithful allies and supporters of the Government, and that there have been times of great trouble when the prompt and courageous action of bank-officers has been greatly beneficial to the Government and the people. In July, 1861, the disastrous defeat of Bull Run dispelled the delusion so generally prevalent that the effort to suppress the rebellion, which had found its first warlike expression on April 12 at Fort Sumter, would be speedily crowned with success, and demonstrated to the Government and the loyal people of the North that a crisis of the gravest importance had been reached. The vast resources of the country were not then known nor estimated. The Treasury was almost empty. The money markets of Europe were closed against United States Government bonds. The London *Economist*, then and now a journal of high financial authority, at that time declared, "It is utterly out of the question, in our judgment, that the Americans can obtain, either at home or in Europe, anything like the extravagant sums they are asking; for Europe will not lend them, America cannot." The need of money for the vigorous prosecution of the war caused present embarrassment and serious apprehension for the future: the Government's expenditures already exceeded one million dollars a day, and its estimated annual revenue from all sources was less than eighty million dollars, leaving a yearly deficiency of nearly three hundred million dollars, to be provided for by taxes or loans, or both. Secretary Chase had before August, 1861, effected temporary loans from banks in New York

and Philadelphia, but it was by that time obvious that that method of providing the large sums of money required could no longer be relied on, and the Secretary went in person to New York and appealed to the New York banks for aid and counsel. A committee of the New York banks was appointed to confer with the Secretary and report a plan of action. On several successive days that committee and the Secretary held full and unreserved conferences, without reaching any agreement or formulating a plan to be submitted to the banks. The Secretary with great frankness stated his case to the committee, explained the necessity for funds to meet the daily increasing expenditures for military and naval purposes, advocated the greatest possible economy of expenditure, asserted his objection to those high rates of interest whose concession would suggest doubts as to the credit of the Government, and expressed his great desire to induce the banking and moneyed institutions and the capitalists of the country to assist the Government in this crisis. Anxious as the representatives of the banks were to do all in their power personally and in their representative position to assist and to uphold the authority of the Government, they nevertheless could not forget that as bank-officers they represented not only the shareholders of their respective corporations, but also the depositors and note-holders, and that they were bound to regard first the interest of those whom they represented. Some also doubted their right to buy from the Government its bonds at par when they were selling below that in the market, or to take those bonds to an amount exceeding their respective capitals and to jeopard the money of their depositors, who might demand it at any time. It was, therefore, not strange that the bank-officers regarded the Secretary as not sufficiently considerate of their position as trustees of money confided to their care, as too exacting in his demand for a low rate of interest; and, in view of the manifest necessity for continued and increasing issues of Government bonds, and the probability of a falling market, it is not surprising that the committee hesitated to agree to recommend to the banks to buy United States six-per-cent. long or seven-thirty short bonds at par, payable as the Government required, which when paid and distributed would not speedily return and might cause a suspension of coin payments. When the conference with the New York bank committee had reached that point, the Boston and Philadelphia banks were requested to send delegates from their respective associations to meet the New York banks and act with them. A meeting of the Philadelphia Clearing House Association was promptly held, and a resolution was adopted unanimously, appointing Mr. S. A. Mercer, President of the Farmers and Mechanics' Bank, Mr. Joseph Patterson, President of the Western Bank, and Mr. J. B. Austin, President of the Southwark Bank, a committee, to proceed to New York as requested. The three gentlemen of the committee promptly proceeded to New York, and they were joined there by the committee of the Boston banks—Messrs. Franklin Haven, J. Amory Davis, James H. Beale, and William Gray. Secretary Chase called on the committee, and had a long conversation with some of the delegates. The Secretary spoke frankly of his several conferences with the bank committee, and did full justice to their intelligence and their patriotic purpose, but he supposed that their conservatism and sense of responsibility to the important trust they held, and their fear of the perils to which the property of their shareholders, and especially their depositors would be exposed, would very naturally prevent them from acting with unanimity. The next day a meeting of the committee was held, and the delegates from Boston and Philadelphia were present. It was a brief session, at which it was decided to report without recommendation to a joint meeting of the New York banks with the Boston

and Philadelphia committees, to be called for the succeeding day, that the Secretary of the Treasury asked for a loan or purchase of fifty million dollars of United States bonds or notes at par. At 11 A. M. on the 15th of August, 1861, the meeting was held in the Directors' Room of the American Exchange Bank in New York, with Mr. John A. Stevens chairman, and Mr. George S. Coe secretary. Of the New York banks thirty-nine were represented; and the Boston and Philadelphia delegates were present. The chairman of the committee reported the request of the Secretary, and said that while all of the committee regarded the necessity of the Government as urgent, and while it was the strong desire of the committee to do all that could be done to meet the wishes of the Secretary, there was yet not an agreement as to the proper action to take, and that therefore the proposal of the Secretary was submitted to the meeting for their consideration and action. The details of the subject being new to the majority of those present, questions were asked and replies made by different members of the committee, and naturally there were differences of views as to what should be done, and a general informal talk continued for more than an hour, with very little, if any, promise of definite action by the convention. Nothing that was said indicated any unwillingness to assist the Government, but, on the contrary, all who spoke expressed with manifest sincerity their earnest wish to seek and find the way by which, consistently with their sense of duty to the important trusts they held, they could give that assistance which the Government required. In the consideration of the Secretary's proposal, apparently conflicting motives operated upon the minds of the officers of the banks. On the one hand, their patriotic feelings and their sense of duty as citizens to their country in its hour of peril urged them to yield a ready and cheerful assent to the Secretary's plan. On the other hand, their duty to their note-holders, their depositors, and their shareholders, and their conscientious recognition of the fact that the funds of which they had the control were trust funds, necessarily rendered them cautious in the adoption of any line of action which might in any way imperil the security of those funds. Of course these opposing motives operated with varying force on different minds. Some saw most strongly their duty to the Government; others realized with greater force their responsibility to the creditors and the shareholders of the banks. The Boston and Philadelphia delegates were interested and attentive auditors, when one of the New York committee who had been in conference with the Secretary inquired if nothing was to be heard from Boston and Philadelphia. The chairman then called on Mr. Patterson, of Philadelphia, to address the meeting and speak for Philadelphia. Mr. Patterson spoke with great earnestness and deep feeling, and said:

"The call that has so urgently been made compels me to rise and to say that 'Mr. Patterson, of Philadelphia,' is not here. Never before, and probably never hereafter, will I ask to have my name dissociated from the city of my birth and of my continued residence, for 'I am a citizen of no mean city,' but of one that has ever supported the authority of the Government, and is now doing its full share to maintain the integrity of the nation; but here, to-day, in the presence of the Government of the United States, represented by the Secretary of the Treasury, in view of the importance of the crisis now before us, with due consideration of the serious issues dependent on your action to-day, and regarding the wants of the soldiers in the field, and their suffering families at home waiting receipts of money which the Government owes, but cannot pay—in consideration of all this, and more, which is needless to speak of, I am not of Philadelphia: I am of the United States, as I am

sure you all are; not of Boston, of New York, or of Philadelphia, but of the United States, the security of whose Government is now imperiled by assaults of enemies armed to battle for its destruction. I have been an attentive and deeply-interested auditor of all that has been said, and I must say, with great respect, but with entire frankness, that you have not, in my judgment, debated or considered the only question which is before you to-day. That question is not, Will you receive and hold or take the obligations of the United States Government when offered to you? but it is, In what form and in what character will you take them? Your choice is limited to that. There are some things which if not done will do themselves speedily, and this is one of those; for, if you refuse the proposal of the Government, the Secretary will of necessity return to Washington at once, and, with an exhausted treasury, and our soldiers in the field, and the contractors for supplies to the army demanding pay, now greatly in arrears, and more men required to battle for the Union, and more debts to be incurred and paid, his only and most painful alternative will be to put not only the presses of the Government at work, but the printing-power of the country, if necessary, and issue promises to pay, not bearing any interest, and of any denomination that will be taken, payable at no fixed date, and never due. With no uncertainty as to the final issues of this war, but with great uncertainty as to the period of its termination, these issues will constitute the accepted currency of the country. They will be current everywhere, and you will not refuse them. You cannot afford to refuse them. You will receive them and give them currency; and thus your bills receivable, and ultimately your gold, will be converted into a mass of irredeemable paper issues." (Mr. Patterson then referred to the condition of the banks, with some explanatory figures, and continued). "You have here offered for your acceptance the bonds of the Government of the United States, bearing a specified rate of interest, and payable at a date named. Your acceptance of those bonds will place at the disposal of the Government of the United States the means of meeting the instant and pressing demands of its creditors, and will create and increase the confidence of the people in the ultimate success of the Government. Can I say more to press on you the propriety, nay, the necessity, that this action be taken to-day? This nation is now in perplexity, but not in despair; somewhat depressed by its late military reverses, but not cast down nor destroyed. It is as true in national as in individual life that there are times when the expression of courage is the highest wisdom and when confidence is the best philosophy. A patriotic sense of duty and an enlightened selfishness unite in demanding this action. Your refusal of the Secretary's proposition will create the unavoidable and distressing necessity of a resort to the only way left him to pay the troops in the field and to meet the demands of importunate and embarrassed Government creditors; and where all this will end, who can say? If you refuse, may it not be that the credit of the nation financially and the material interests of the country will be involved in a common ruin? The country knows that the Secretary of the Treasury is and has been here in New York for several days, and the purpose for which he came is also known. The people are awaiting the issues of these negotiations; and I believe, as firmly as I stand here before you, that when it shall have been announced that the banks of the three largest cities have loaned the Government fifty millions, and that they will do more if necessary, the Secretary will return to Washington with a lighter and more hopeful heart than he has had for many days, and will carry to the President and to his Cabinet comfort and encouragement; and as the news is sent to the army and through the country, the people will be inspired with confidence, the credit of the Gov-

ernment here and in Europe will be strengthened, and the hopes of the friends of the Union everywhere will be reanimated. When the authority of the Government shall have been re-established and peace and order restored, history will record your action of this day as an illustration of the truth that battles may be won in the council-chamber not less than in the field. I trust that the vote will now be taken and the Secretary's proposal be unanimously adopted."

The meeting gave a manifestly interested and respectful attention to the strong thoughts and words of Mr. Patterson, and the views expressed were fully endorsed and approved by Mr. George S. Coe, President of the American Exchange Bank of New York, who, in forcible, eloquent, and patriotic words, urged the adoption of the resolution and the acceptance of the Secretary's proposal. A few brief remarks were made by others: the one feeling controlling all their words was that the Union of the States must and shall be preserved; and the expression of this sentiment was made by the unanimous adoption (the vote being taken by a call of names) of a resolution that "The associated banks of New York, Boston, and Philadelphia will take jointly at par fifty million dollars in notes or bonds of the United States, with the privilege of taking at par an additional fifty millions on October 15, and fifty millions more on December 15, unless that previously to these dates there shall be a negotiation in Europe or a popular subscription to the amount required." A committee was then appointed, Mr. Gallatin, chairman, to arrange and perfect a plan for action of the associated banks under the resolutions adopted and agreements made. There was afterwards a just distribution among the banks in the clearing-houses of the three cities of Boston, New York, and Philadelphia; and after this another loan of fifty millions was taken, and a final one of that amount—a total of one hundred and fifty millions. After that time the more favorable conditions for the sale of Government bonds were such that the loans were placed without the further agency of the banks.

The day of that meeting of bank-officers in New York in August, 1861, was one of the most critical of that eminently gloomy and critical time; and the bank-officers of the three cities assembled in New York that day, with no sufficient authority to assume the great responsibility they took, other than the law of duty and necessity, nevertheless expressed their courage, their wisdom, and their patriotism by their action. The effect of that timely action cannot be overestimated. It was the most important financial negotiation of the century, and has no parallel in history. It proved to the world that the moneyed power of the country without reserve was dedicated to an assertion and continuance of the authority of the Government. It arrested the attention and increased the confidence of the bankers and capitalists of Europe. It admonished some unfriendly European powers to delay and finally abandon their more than suspected purpose to recognize the independence and existence of the Southern Confederacy. It furnished to the Government the money required to meet the pressing demands of its daily expenditures. It sustained the public credit, and it opened to the Treasury the money markets of Europe; it reanimated popular confidence in the stability of the Union, and it rendered possible that subsequent administration of the Treasury Department by which the means were provided for the suppression of the great rebellion.—*Lippincott's Monthly Magazine*.

LOST PASS BOOKS.

Judging from advertisements that have appeared in the newspapers there seems to be something in the air to make people lose their bank books. The counting-room clerks in every office agree that there never was such a shower of this class of advertisements, and some of the bank officers relax their conservatism enough to admit that the atmosphere is pretty well charged just now with the odors of Lethe. "If we don't have at least five people every day come in to give notice of lost books," one cashier said, "I think something must be wrong. Probably this 'epidemic' will pass over like every other."

"Have you any theory about it?"

"No; but naturally more books will be lost in a hot season than in any others. People are less careful. A woman will come in and make a deposit. Then she will try a little shopping on the way home. Once in a store and interested in her purchases she lays the bank book on the counter and forgets to pick it up. Many complaints of lost books come from women who can tell what stores they visited, what they saw and bought, but for the life of them can't remember whether they last had their books in one store or another or in one car or another. There is another class of losses almost as common and quite as vexatious. This class appears most frequently at house-cleaning time. A book is misplaced. The owner looks five minutes for it, fails to find it, and hurries to the bank to report the loss. We always urge another and longer search. Often the book is found where the owner remembers to have left it. Sometimes the most persistent search is unavailing, but I don't recall an instance in which the same person has twice lost a book. The reason is that the banks are obliged to take measures to make depositors careful.

"In the first place, as soon as a book is reported lost, a check is made against it in the bank, and the loser is required to advertise the loss. For from a fortnight to 30 days ensuing no money can be withdrawn on that account unless the book shall be found. Then a depositor must come and apply for a new book. The form of application varies, and the usage of the banks in this proceeding lacks uniformity. Generally an affidavit must first be made that the loser cannot find the book; that it has not been transferred or assigned. The bank must be satisfied of the loser's identity. It insists also on being released from liability should the book be again presented and payment made upon it. Sometimes the precautions in this respect are so severe as to require a loser to give well-secured bonds, to indemnify the bank in case of any loss or payment on presentation of the book. All this is scarcely necessary, but it makes a bank absolutely safe in respect to that deposit, and it puts the depositor to enough trouble to make him or her careful thereafter. Everything having been performed as outlined, the depositor may get a new book, which means opening a new account, as neither books nor accounts are duplicated."

"Are lost books often presented?"

"Rarely, except when a storekeeper chooses to take the trouble to return a book left on his counter, or when a second search by the loser ferrets it out. Once in a while a book will come in that has been found on the street. The finder's motive usually is to get 50 cents or a dollar for his pains. Lost bank books, as a rule, are like lost pins; it is always a wonder where they go."

"Do not finders sometimes present books in the hope of withdrawing money?"

"In my experience of many years I do not recall such a case. It would be almost impossible for a person not the owner of a book to withdraw an account. At the time of an original deposit the depositor before getting a book has to answer certain questions, which are framed to fix the depositor's identity and to protect the deposit. The depositor must also leave an autograph on the bank's register. Whenever money is withdrawn these questions must be answered and the autograph attached to an order. This is an effectual test. Each book is numbered, and bears the depositor's name. We have been asked if depositors would not be better protected if the banks omitted the name from a book and simply numbered it. We can see no advantage in that. The plan would not defeat the purpose of a thief, for one who would steal a bank book would know the name of the owner, and the withdrawal of deposits is so well guarded that even with the owner's name a finder could not get the money from the bank. As against such a change in the present system it may be said that the chances are that few depositors would remember their numbers, and bank clerks would be put to extra trouble on that account whenever a loss was reported."

"Has any one ever estimated the number of books lost in a year and the proportion of them restored?"

"Probably from 1,200 to 1,500 books are lost in a year, of which 400 or 500 eventually turn up. That means that from one-third to two-fifths of 1 per cent. of the whole number of books out disappear and one-third of that number get back to the owner. Where the rest go is a puzzle not to be solved."—*New York Times*.

THE WORLD'S GOLD AND SILVER COINAGE.

A statement of much interest is found in the British Mint report* for 1885, which the London *Economist* arranges in tabular form, showing the net amount of new coinage of gold and silver in various countries. That journal regrets that returns do not appear from the Russian Mint, nor from some minor States, but its figures include the coinage in Great Britain and Australia; at Philadelphia, San Francisco, Carson and New Orleans, in this country; in Germany, France, Italy, Belgium, Austria, Hungary, Denmark, Norway, Holland, Spain, Portugal, Japan and India. The remarkable feature of this statement is that it shows an addition to the coinage in the year 1885 of \$65,000,000 gold and \$75,800,000 silver. The *Economist* thereupon reasons that "what is called the dwindling product of Californian and Australian gold production is not here reflected in any force. A new gold coinage in the chief mints of the world of £13,068,830, exclusive of £1,310,371 of light coinage reintegrated to its full weight, does not argue any dearth of gold." It reasons that the existing gold circulation of the above countries amounts "at the very least to £650,000,000," and that "the increase of about 2 per cent. in gold coinage exceeds the year's growth, either as expressed by the increase of population or of trade." But the increase in silver coinage is relatively still greater, the *Economist* argues, between two and three per cent., which it claims is by no means an indication of "that worldwide check to the use of silver which is frequently alleged on platforms."

It is undoubtedly a remarkable fact that the coinage of gold and silver still continues so nearly equal, notwithstanding the great difference in

the recent demand for the different kinds of coin in the civilized world. Examining the published statement, however, it appears, first, that about \$28,800,000 of the new silver added was by the four mints in the United States, and it is well known that the amount coined in this country has neither been demanded for circulation nor added to circulation. In point of fact, there would have been no silver coinage in this country if coinage had been restricted to an actual demand, nor would the Treasury, with all its efforts, have been able to force a part of the new silver into circulation, had it not withdrawn from use during the year notes of various kinds representing a very much larger amount. As to the United States, therefore, the coinage to which the *Economist* appeals as proof that the demand for silver in use does not yet decrease, sustains no such theory. But it appears also that the coinage of silver in British India amounted to \$28,950,000 during the year 1885. There is no evidence whatever that a demand existed for a greater amount of silver coin in the circulation of India, but on the contrary, the recent reports of a rise of prices in silver currency, and a loss of purchasing power of silver in the interior of India, which the London *Economist* itself published not long ago, offer strong evidence to the contrary. As to the two great items of new silver coinage, therefore, representing in the aggregate nearly two-thirds of the silver coined in 1885, it must be said that the returns supply no evidence of a demand for that addition, but, on the contrary, there is much to warrant the belief that, in the existing relations between nations on monetary questions, an additional coinage of silver was not only unnecessary, but positively hurtful.

As respects the gold coinage, it appears that over \$65,000,000 of the aggregate was added by the United States, Great Britain and Australia. Germany added about \$2,000,000; Austria and Hungary about \$2,800,000; Spain about \$2,500,000, and all other countries scarcely as much more. It is a somewhat striking fact that the countries which coined the new gold in 1885 do not appear to have retained it. The United States has been sending gold abroad, \$19,000,000 net in the first four months of this year, and probably has in use but little if any more, after deduction for consumption in the arts, than it had a year ago. Australia coined mainly for export, and it does not appear that the Bank of England and the aggregate circulation in Great Britain outside of that bank embrace a larger sum in gold than at the beginning of the year 1885. The bank holds \$35,000,000 less than a year ago, and held less Jan. 1, 1886, than Jan. 1, 1885. But when we turn to the reports of French imports and exports of the precious metals some explanation begins to appear. For example, within the first four months of this year French imports of gold coin and bullion amounted to 64,478,844 francs in excess of all exports. The imports of silver also exceeded the exports by 33,867,290 francs. Not merely within the past four months, but during most of the past year, France has been accumulating gold as if determined to fortify herself for any monetary struggle. The Bank of France held \$60,000,000 more May 27, 1886, than May 28, 1885. In addition, the returns of gold exports to India, when obtained for the full year, will show where a considerable part of the gold coined last year has gone. It may be added that the demand for gold coin to settle accounts with India supplies further evidence that the increasing coinage of silver by the mint in India has not been in obedience to any local demand.

The broad fact to which these statistics point is, that in the existing state of monetary relations, the movements of coin between different countries are governed, not by the natural interchange of products and the settlement of balances, but by a species of international monetary

warfare. Many nations are contending with each other for the possession of the supply of gold, and that contention appears to grow more fierce and to the Western nations more disastrous with each succeeding year. A conclusion which would probably seem natural to all readers, except in Great Britain, is that the British policy, by which silver has been in a measure driven from its former use in the Western world, is not for the benefit of Great Britain or of any other civilized nation.

NOTE PAYABLE IN ANOTHER STATE—INTEREST.

CIRCUIT COURT, DISTRICT OREGON.

New England Mortgage Security Co. v. Vader.

Prima facie the place of payment of a promissory note is the place of performance, including the rate of interest that may be demanded thereon; but the parties thereto may adopt the law of the place of making the contract as the place of payment, so far as such interest is concerned, and the fact that the higher rate of interest allowed by the law of the place of the making of the contract is specified in the note is sufficient evidence of the intention of the parties to contract with reference to such law, rather than that of the place of payment.

A contract to pay interest on a coupon or interest note after maturity may be enforced.

DEADY, J. This suit is brought by the plaintiff, a corporation formed under the law of Connecticut, against the defendants, citizens of Oregon, to enforce the lien of a mortgage on certain real property. The suit was commenced on August 12, 1885, in the State Circuit Court for the county of Linn, and afterward removed here by the plaintiff. Here the plaintiff filed an amended "complaint," and the cause was heard on a demurrer thereto.

From the amended bill of complaint it appears that on April 21, 1881, the defendants made and delivered their promissory note, payable to the order of the plaintiff, on April 21, 1886, for \$2,000, "with interest from date until paid, at 8 per cent. per annum, as per coupons attached, at the office of the Corbin Banking Company, New York city." The note also contained the following stipulations:

"Unpaid interest shall bear interest at 10 per cent. per annum. On failure to pay interest within five days after due, the holder may collect the principal and interest at once. And in case suit is instituted to collect this note, or any portion thereof, I promise to pay such additional sum as the Court may adjudge reasonable, as attorney's fees in said suit."

And also made and delivered to the plaintiff their six coupon or interest notes, for the interest to accrue on said principal note, for the sums and payable as follows: One for \$110.68, payable January 1, 1882; four for \$160 each, payable respectively January 1, 1883, 1884, 1885, and 1886; and one for \$49.32, payable April 21, 1886. There is now due on the principal note and the last two coupons the sum of \$2,320, with interest on \$2,000 thereof at 8 per cent. per annum from January 1, 1886, and on said coupon notes from the date when they became payable at 10 per cent. per annum, in the United States gold coin, no part of which has been paid.

On April 21, 1881, the defendants, to secure the payment of said note and coupons, and all sums of money thereby agreed to be paid, executed to the plaintiff a mortgage on a certain tract of land, situate in Lane

county, Oregon, containing 640 acres; which mortgage contained the following stipulations: (1) That if said defendants fail to pay any of said interest when due, the same shall bear interest at the rate of 10 per cent. per annum; (2) the defendants will pay all taxes and assessments levied on said real property before the same becomes delinquent, and if not so paid, the holder of the mortgage may, without notice, declare the whole sum thereby secured due at once, or may elect to pay said taxes and assessments, and be entitled to interest on the same at the rate of 10 per cent. per annum, for which the mortgage shall be a security; (3) if the defendants fail to pay any of said money within five days after the same shall become due, or to conform to or comply with any of these stipulations, then the whole amount secured by the mortgage shall become due at once; and (4) that on filing of a bill to enforce the lien of said mortgage the plaintiff therein shall recover a reasonable attorney's fee, to be taxed by the Court, for which the mortgage shall stand as security.

For the years 1883, 1884, and 1885 taxes were levied on said land by Linn county, amounting to \$106.11, which became delinquent, and were a lien thereon, and have since been paid by the plaintiff; and by a stipulation filed April 13, 1886, it was agreed that on the argument of the demurrer the Court may consider the liability of the defendants to pay the taxes mentioned, and in so doing may consider the bill and the original mortgage, and "allow or disallow such claim for taxes" as it may be advised.

The grounds of the demurrer as maintained on the argument are substantially these: (1) The plaintiff has not the capacity to maintain this suit; (2) the notes are made payable in New York, in violation of the usury laws of that State, and are therefore void; (3) the agreement to pay interest on the interest notes after maturity is an agreement to pay compound interest, and is therefore void; (4) the agreement to pay the taxes is either without consideration or usurious, and therefore void.

[Omitting the other grounds.]

As to the second point, it is admitted that the rate of interest allowed by the statute (June 27, 1879) of New York is only 6 per cent., and that this Court will take judicial knowledge of the laws of that State. *Owings v. Hull*, 9 Pet. 624; *Bennett v. Bennett*, 1 Deady, 309. The argument in behalf of the defendants on this point is, that by making this note payable in New York, the parties to the contract made that the place of performance, including the rate of interest payable by the law thereof. There is some confusion and contradiction in the writers and authorities on this subject, but the current of the later ones establishes the just and convenient rule for the solution of the problem, namely, the place of performance depends on the intention of the parties to the contract. Where a note made in one place is made payable in another, *prima facie* the place of payment is the place of performance, and the law of the latter, for the purposes of payment and its incidents, applies to the transaction. But this fact is by no means conclusive evidence that such was the intention of the parties; and the contrary may be inferred from the immediate circumstances, as shown by extraneous evidence. Whart. Conf. Laws, § 505. And even when the place of payment is to be taken as the place of performance, for the purposes of payment, and matters incidental thereto, including days of grace, the rate of interest, where none is specified in the contract, and the like, it may satisfactorily appear from the circumstances of the case that it was not the intention of the parties that the rate of interest should be governed by the law of such place. And generally "the law of the place where the contract is made is to determine the rate of interest, when the

contract specifically gives interest." 2 Kent Comm. 460; Story Conf. Laws, § 305. And this conclusion must be based on the fact that an agreement for a specific rate of interest on a loan constitutes a part of the obligation of a contract which is always measured or tried by the *lex loci contractus* and not the *lex loci solutionis*; and for the purposes of this question, it is said by an eminent writer that "the true view seems to be that the place of performance of an obligation for the payment of money is the place where the money is used" and put at risk. Whart. Conf. Laws, § 508. Again, when the rate of interest is different in the place where a note is made and where it is payable, and two conflicting laws are thus brought to bear on the same point, the Court will apply that law to the transaction which will best support the validity of the obligation; for it is not to be presumed that the parties in fixing the rate of interest acted with reference to the law of a place which would make the contract void. Whart. Conf. Laws, § 507.

Now, in this case, all these controlling circumstances point to the conclusion, that although the note was made payable in New York, the parties in fixing the rate of interest had reference to the law of Oregon, and intended to be governed thereby. The contract was made here, and the rate of interest specified therein. The money was used here, and the rate of interest agreed on is allowed by the law of this State, but forbidden by that of New York.

In *Miller v. Tiffany*, 1 Wall. 310, Mr. Justice Swayne, quoting with approval from *Andrews v. Pond*, 13 Pet. 77, 78, says: "The general principle in relation to contracts made in one place to be performed in another is well settled. They are to be governed by the law of the place of performance, and if the interest allowed by the law of the place of performance is higher than that permitted at the place of contract, the parties may stipulate for the higher interest without incurring the penalties of usury." And adds: "The converse of this proposition is also well settled. If the rate of interest be higher at the place of contract than at the place of performance, the parties may lawfully contract in that case also for the higher rate;" citing *De Pau v. Humphreys*, 10 Mart. (La.) 1.

In *Jones on Mortgages* (§ 657) the result of the authorities is stated as follows: "The parties may stipulate for interest with reference to the laws of either the place of contract or the place of payment, so long as the provision be made in good faith, and not as a cover for usury; citing *Townsend v. Riley*, 46 N. H. 300; *Peck v. Mayo*, 14 Vt. 33, 38.

In *Kilgore v. Dempsey*, 18 Am. Rep. 310, S. C., 25 Ohio St. 413, it was held that where a note is made in one State and payable in another, and the rate of interest allowed in such States is different, the law of either State may be applied to the contract.

In *Thornton v. Dean*, 45 Am. Rep. 799, S. C., 19 S. C. 583, it was held that when a contract is entered into in one State, to be performed in another, the parties may stipulate for the rate of interest allowed in either country.

In *Daniel on Negotiable Instruments* (§ 922) it is said: "There are some contracts, however, which would be illegal if all the parties resided or contracted either in the State where it is made or where it is to be performed, which are nevertheless recognized and enforced if valid either in the one place or the other; and of this nature are contracts to pay interest at rates which, by the law of one place or the other, would be usurious and void. In such cases the intention of the parties is effectuated as a concession to trade and commerce between nations; and if the transaction is not in itself immoral, the rate of interest authorized either by the country where the contract is made or to be performed is allowed to prevail."

In the leading case of *De Pau v. Humphreys*, 10 Mart. (La.) 1, it was held that a note made in Louisiana, payable with 10 per cent. interest—the legal rate in that State—was not usurious, but valid, although payable in New York, where the interest is only 7 per cent.

Mr. Daniel (Neg. Inst., § 922), in referring to this case, says: "The like view has been recognized and adopted in numerous cases, and may be regarded as a recognized principle of English and American jurisprudence," citing a great number of authorities.

In the light of these authorities, and on every consideration of convenience and utility, the parties to this transaction, being at liberty to contract for either the Oregon or New York rate of interest, the very fact that they adopted the former is satisfactory evidence that they contracted in this respect with reference to the laws of this State, and intended to be governed thereby. The note of the defendants was made payable in New York simply for the convenience of the lender. There is no pretense that there was any design or purpose to contract for or obtain what might be regarded as a usurious rate of interest. On the contrary the contract was openly made in good faith, in accordance with the law of this State, where the defendants resided, and it would be a reproach to the administration of justice if the defendants could now defraud the plaintiff out of its money simply because their note was, with their consent, and only for the convenience of the lender, made payable in New York rather than Oregon.

There is no law of this State that prohibits the payment of interest on interest; and the better opinion is that no contract for the payment of interest, whether on interest or principal, is usurious or illegal, unless prohibited by statute. Tyler Usury, 64. But the rule was early established in equity that compound interest would not be allowed, not because it was usurious or contrary to the statute on that subject, but because the practice, if allowed, would lead to the oppression of improvident debtors. *Connecticut v. Jackson*, 1 Johns. Ch. 13. This rule doubtless had its origin in the old ecclesiastical idea that the taking of interest, under any circumstances, was usury, and a grievous sin. But the tendency of opinion has been toward the suggestion of Lord Thurlow, in *Waring v. Cunliffe*, 1 Ves. Jr. 99, that there is nothing unjust in compelling a debtor who neglects to pay interest when it becomes due, to pay interest upon that interest; and so it was early settled that a promise to pay interest on interest after the latter became due is valid. *Kellogg v. Hickok*, 1 Wend. 521; *Hathaway v. Meads*, 11 Or. 66; S. C., 4 Pac. Rep. 519.

By the law of this State (Sess. Laws 1880, p. 17) interest is allowed at "8 per cent. per annum, and no more, on all moneys after the same become due; . . . but on contracts, interest at the rate of 10 per cent. per annum may be charged by express agreement of the parties, and no more." These interest notes are distinct contracts for the payment of money, and when they became due were entitled, under this statute, without any agreement of the parties on the subject, to draw interest at 8 per cent. per annum until paid, or by the agreement of the parties, they might draw 10 per cent. The provision of the statute is in effect that interest shall be allowed "on all moneys after the same become due," and that at least includes the case of money due on an interest or coupon note, or a promise or agreement in a principal note to the effect that the interest thereon shall be paid at a certain period or periods prior to the maturity thereof. But interest concerning the payment of which no special promise is made, and which no otherwise exists or is due than as an increment of the principal sum, is not included in this statute as "money" due and entitled to bear interest. But a promise

to pay interest as a distinct debt or liability, either in or out of the principal contract, and before or as the principal sum falls due, is a promise to pay a sum of money, which, when due, bears interest under the statute, either at the legal rate, or according to the agreement of the parties, within the limit allowed thereby.

In *Bledsoe v. Nixon*, 12 Am. Rep. 642; S. C., 69 N. C. 89, it was held that when a promissory note contained a stipulation that the interest thereon should be paid semi-annually, an unpaid installment of interest drew interest, as if a note had been given therefor.

In *Wheaton v. Pike*, 11 Am. Rep. 227; S. C., 9 R. I. 132, it was held that where a promissory note was made payable in three years after date, with interest payable semi-annually, each installment of interest falling due before the maturity of the note drew interest from the time it was due until paid.

In *Aurora v. West*, 7 Wall. 104, it was held that interest coupons, by universal usage and consent, have all the qualities of commercial paper, and should draw interest after payment is neglected or refused. To the same effect is the ruling in *Clark v. Iowa*, 20 Wall. 589; *Town of Genoa v. Woodruff*, 92 U. S. 502; and *Gelpcke v. Dubuque*, 1 Wall. 200.

In *Jones on Mortgages* (§§ 653, 1141) it is said that coupons for the interest on a mortgage debt are, in effect, promissory notes, and draw interest in the same manner after maturity. To the same effect is *Daniel Neg. Inst.*, § 1513. See also *Harper v. Ely*, 70 Ill. 581; *Thayer v. Star Mining Co.*, 105 id. 552.

In my judgment these interest notes are entitled to draw interest, at the rate agreed on, from the date of their maturity.

EFFECT OF FAILURE TO PRESENT CHECK—ASSENT OF DRAWER.

SUPREME COURT OF MICHIGAN.

Holmes v. Roe.

Presentment of a check for payment within the time allowed by law is only necessary to charge the drawer, when the banker has become insolvent or failed, between the time when the check was received and the time it should have been presented; but such time may be extended by the assent of the drawer, either express or implied.

HOW AFFECTED BY METHODS OF THE CLEARING HOUSE.—The clearing house, and the method of conducting business through it, has no bearing upon the liability of the drawer of a check which is alleged not to have been presented for payment within the time allowed by law.

CHAMLIN, J. Plaintiff resided and did business as a general merchant at Chelsea, distant about fifty-five miles from Detroit, on the Michigan Central Railroad. He did his business with the Chelsea Savings Bank. On the 8th day of August, 1885, at the stock yards in that portion of the city of Detroit called Springwells, the plaintiff sold to the defendant a number of sheep, for \$431.60, and received in payment thereof defendant's check on Vincent J. Scott's banking office. Scott was a private banker, doing business in the city of Detroit. The parties differ as to what was said at the time the check was given.

The plaintiff testifies: "*Answer.* We stepped into the office there, and Mr. Roe made this bill; and he says to me: 'You want a check

for this?' And I said: 'Yes.' He said: 'How do you want that check made payable?' I said: 'I want it payable to order, because I want to take it home.' He immediately says: 'All right; if you think my check is not good, go down to the bank, and have it certified.' 'Of course,' I said, 'it is not necessary to do that. Everybody here knows you, and they all tell me you are good.' And so he wrote me the check for \$431.60. When I got it I inquired of several there, and among the rest was Mr. Sly, a drover, if Mr. Roe was good, and they all told me Mr. Roe was A No 1; so I didn't think it was necessary to have the check certified, and I put the check in my pocket. *Question.* Wait a moment. Let me call your attention to that transaction. Was anything said by you to Mr. Roe, or by him to you, with reference to your being bothered by currency? *A.* I gave him to understand, of course, that I didn't want to be bothered with currency. *Q.* State what he said, as near as you can give it. *A.* I says to him, 'How much more convenient it is to do business through the banks than to be bothered with currency.' Of course, I don't know whether he made any reply to that at all. I made that remark to him."

The defendant testified with regard to the transaction as follows: "*Question.* I call your attention to the time you gave this check to Mr. Holmes. He gave his testimony as to what conversation you had about the check when he said he wanted to take it home, and the question I put to him was whether you didn't say to him if he was going to do that he had better get it certified, or get New York exchange. What is the fact as to that? *Answer.* I spoke to Mr. Holmes, and asked him, 'How will you have this check made'—to his order or bearer? and he said, 'You can make it to my order. I think I will take it home, if I can strike this train coming out here.' I said, 'If you are going to take this home, you can either get it certified, or get a New York draft; that is what you want to do, if you are going to take it home.' And Mr. Taylor heard the conversation, too."

After receiving the check, which was given between 8 and 9 o'clock in the forenoon, the plaintiff went to the depot of the Michigan Central Railroad, where he arrived at about 11 o'clock, where he remained until about 1 o'clock in the afternoon before taking the train for home. He had plenty of time, had he been so disposed, to have presented the check at Scott's bank for payment or certification before the departure of the train. He arrived home at Chelsea about 4 o'clock, and deposited this check, with other funds belonging to him, in the Chelsea Savings Bank the same evening. This was on Saturday evening. The Chelsea Savings Bank forwarded the check to its correspondent in Detroit, by depositing it in the post office at Chelsea the same evening. The next regular mail from Chelsea to Detroit would be on Monday morning. The check reached the correspondent of the Savings bank, which was the Mechanics' Bank, on Monday, the 10th day of August, at about 1 o'clock and 30 minutes in the afternoon; and on the afternoon of the next day the Mechanics' Bank presented the check at the banking office of Vincent J. Scott and demanded payment, which was refused. Vincent J. Scott failed on the afternoon of August 10th, and his bank closed its doors at 4 o'clock P. M. The defendant had sufficient funds in Scott's bank to pay the check, and had it been presented for payment at any time prior to 4 o'clock of August 10th, it would have been paid. The check was duly protested, and was taken up by the plaintiff, and this action brought upon the check to recover the amount thereof.

The defense is that the check was not presented in a reasonable time, and, because of plaintiff's negligence, the defendant is discharged from liability. The law is well settled that if the person who receives the

check and the banker on whom it is drawn are in the same place, the check must, in the absence of special circumstances, be presented the same day, or, at latest, the day after it is received. (*Simpson v. Pacific Mut. Life Ins. Co.*, 44 Cal., 139; *Cawein v. Browinski*, 6 Bush, 457; *Schoolfield v. Moon*, 9 Heisk., 171; *Alexander v. Burchfield*, 7 Man. & G. (49 E. C. L.) 1,061; *Boddington v. Schlencker*, 4 Barn. & Adol., 752; *Moule v. Brown*, 4 Bing., N. C. 268.

If, however, the person who receives the check and the banker on whom it is drawn are in different places, in the absence of special circumstances, the check must be forwarded for presentment on the day after it is received, at the latest; and the agent to whom it is forwarded must, in like manner, present it, at the latest, on the day after he receives it. (*Hare v. Henty*, 30 Law J. C. P., 302; *Prideaux v. Criddle*, L. R. 4 Q. B., 455; *Griffin v. Kemp*, 46 Ind., 176; *Woodruff v. Plant*, 41 Conn., 344; *Burkhalter v. Second Nat. Bank*, 42 N. Y., 538; *Bond v. Warden*, 1 Colly., 583; *Firth v. Brooks*, 4 Law T. (N. S.) 467.)

Presentment within the time above stated is only necessary to charge the drawer when the banker has become insolvent or failed between the time when the check was received and the time it should have been presented. The rule of diligence does not require the presentment to be made at any particular period within the time limited by the law as a reasonable time; consequently the payee or holder of the check does not lose his right to recover by the stoppage of the bank within the prescribed period, provided the check is presented, though subsequent to the stoppage, within the period. (*Grant, Bank*, 57.) In this case the bank upon which the check was drawn, and the person receiving it, were in the city of Detroit, and, in the absence of special circumstances, should have been presented on Monday, August 10th, at latest. The plaintiff claims there were special circumstances which excused presentment within that time, and he bases this assumption upon the plaintiff's testimony. Nothing is plainer than that the time may be extended by the assent of the drawer, express or implied. If the plaintiff's version of the affair is the true one, there was an implied assent to an extension of time; for if the defendant assented to plaintiff's taking the check home with him to Chelsea, he assented to its being forwarded from that place in the ordinary mode, which would bring it within the second principle above stated, and plaintiff would have had the whole of Tuesday in which to present the check. On the other hand, if the defendant's version is believed, then Monday was the latest day upon which it could be presented; for, according to his statement, he consented to no delay, but, on the contrary, what he said plainly implied that he refused to remain responsible if plaintiff saw fit to take the check home. The evidence upon this point should have been submitted to the jury, under proper instructions applicable to the testimony given by each of the parties. We agree with the learned judge who presided at the trial that the clearing-house, and the method of conducting business through it, had no bearing upon the merits of the case.

It follows that the judgment must be reversed, and a new trial granted.

The other justices concurred.

LEGAL MISCELLANY.

NEGOTIABLE INSTRUMENT—CO-PARTNERSHIP—INDORSER—NOTICE OF PROTEST.—A notice to a member of a firm, indorsers of certain promissory notes, that the makers have on demand refused payment, is good if sent to what had been the place of business of the firm, where its affairs are actually in process of settlement under a trust deed of assignment, the firm being insolvent; it being the place where the member expected that notices and letters would be sent to him, and had arranged that if sent there they should be handed to his counsel to be forwarded to him, and there was no other place of business of the firm, or of the member, and he had absconded. And notice so sent is good, although the court finds that the member's family was residing in a town which was the member's domicile, because he intended to return there when he thought he was safe from arrest. [*Bank of America v. Shaw*, Mass. Sup. Ct.]

SUBSCRIPTION—EFFECT OF—ACCEPTANCE—CONTRIBUTION.—A promise to pay a subscription to a charitable object is a mere offer, which may be revoked at any time before it is accepted by the promisee; and an acceptance can only be shown by some act on the part of the promisee whereby some legal liability is incurred or money is expended on the faith of the promise. If the promisor dies before his offer is accepted it is thereby revoked, and cannot afterward, by any acts showing acceptance, be made good as against his estate. (*Pratt v. Trustees, etc.*, 93 Ill., 475; *Beach v. Church*, 96 id., 179; *Phipps v. Jones*, 20 Penn. St., 260; *Helfenstein's Estate*, 77 id., 331; *Cottage Street Church v. Kendall*, 121 Mass., 528.) The rule is otherwise when subscribers agree together to make up a specified sum, and where the withdrawal of one increases the amount to be paid by the others. In such case, as between the subscribers, there is a mutual liability, and the co-subscribers may maintain an action against one who refuses to pay. (*George v. Harris*, 4 N. H., 533; *Curry v. Rogers*, 1 Fost., 247; 1 Whart., Cont. 719; Cal. Sup. Ct., July 14, 1886. [*Grand Lodge of the Independent Order of Good Templars of the State of California v. Farnham*.])

NEGOTIABLE INSTRUMENT—CONSIDERATION—IGNORANCE OF LAW—SURETY.—The surrender of an old promissory note is a sufficient consideration for a new one executed by a surety, although the surety had been released from payment of the old note by the action of the insolvent principal, where both parties knew the substantial facts, but being ignorant of the law, in good faith supposed the surety was liable for the old note. In *Stevens v. Lynch*, 12 East, 38, the drawer of a bill of exchange, knowing that time had been given by the holder to the acceptor, but apprehending that he was still liable on the bill in default of the acceptor, three months after it was due said he knew he was liable, and would pay it if the acceptor did not, and it was held that he was bound by the promise. S. C., 2 Camp. 332. The universal rule is *ignorantia juris non excusat*, the word *jus* being used as denoting general law—the ordinary law of the land—and not a private right. 1 Benj. Sales, § 611. The cases that hold that money paid in ignorance of the law is not recoverable are analogous. *Brisbane v. Dacres*, 5 Taunt. 144; *Clarke v. Dutcher*, 9 Cow. 674. Any act that is a detriment to the plaintiff is a sufficient consideration for a promise to pay money. *Williamson v. Clements*, 1 Taunt. 523. It was a detriment to the plaintiff to give up

the old note, as it was good against Brown; and the fact that Brown was insolvent makes no difference, for the note must be taken to have some value, and a small consideration will support a larger promise. *Hitchcock v. Caker*, 6 A. & E. 438; Creswell, J., in *Southall v. Rigg*, 11 C. B., 381, 494; Denman, C. J., in *Haigh v. Brooks*, 10 A. & E. 309; *Harrington v. Wells*, 12 Vt. 505. In *Shortside v. Cheek*, 1 A. & E. 57, the giving up of a note against a third person was held to be a sufficient consideration from a promise to pay the amount of it. Parke, J., said: "There is no doubt that the giving up of any note on which the plaintiff might sue would be a sufficient consideration." In *Haigh v. Brooks*, 10 A. & E. 309, the consideration for the promise was that plaintiff gave up to the defendant his guaranty on behalf of a third person; and it was contended that the guaranty was void for not expressing a consideration on its face, and that therefore the giving of it up constituted no consideration for the promise. But without deciding whether the guaranty could have been made available or not, the Queen's Bench gave judgment for the plaintiffs, on the ground that they had parted with something they might have kept, and the defendant obtained that which he desired by means of his promise; that both being free, and able to judge for themselves, the defendant would not be justified in breaking his promise on afterward discovering that the thing in consideration of which he made the promise did not possess the value he supposed it did. The Exchequer Chamber affirmed that judgment, both on the ground that the guaranty might have been made good by explanatory evidence, and on the ground—Maule, J., doubting—that the actual surrender of the possession of the paper to the defendant was a sufficient consideration without reference to its contents. [*Churchill v. Bradley*, Vt. Sup. Ct.]

ECONOMIC NOTES.

THE CENTURY'S RISE OF WAGES.

In 1793 the Schuylkill & Susquehanna Canal Company advertised for workmen, offering \$5 a month for the winter months, and \$6 for summer, with board and lodging. The next year there was a debate in the House of Representatives which brought out the fact that soldiers got but \$3 a month. A Vermont member, discussing the proposal to raise it to \$4, said that in his State men were hired for \$18 a year, or \$4 a month, with board and clothing. Mr. Wadsworth, of Pennsylvania, said, "In the States north of Pennsylvania the wages of the common laborer are not, upon the whole, superior to those of the common soldier."

In 1797 a Rhode Island farmer hired a good farm hand at \$3 a month; and \$5 a month was paid to those who got employment for the eight busy months of the farmer's year. A strong boy could be had at that time in Connecticut at \$1 a month, through those months, and he earned it by working from daybreak until eight or nine o'clock at night. He could buy a coarse cotton shirt with the earnings of three such months. The farmers could pay no better, for the price they got for produce was wretched. Butter sold at eight cents a pound, and, when it rose suddenly to ten cents, several farmers' wives and daughters went out of their minds with the excitement. Women picked the wool off the bushes and briers, where the sheep had left it, and spun and knit it into mittens to earn \$1 a year by this toilsome business. They hired out as help

for twenty-five cents a month and their board. By a day's hard work at the spinning-wheel a woman and girl together could earn twelve cents. As late as 1821 the best farm hands could be had for twenty-five cents a day, or twice as much in the mowing time.

Mathew Carey, in his "Letters on the Charities of Philadelphia" (1829), gives a painful picture of the working classes at that time. Every avenue to employment was choked with applicants. Men left the cities to find work on the canals at from sixty to seventy-five cents a day, and encountered the malaria, which laid them low in numbers. The highest wages paid to women was twenty-five cents a day, and even the women who made clothes for the arsenal were paid by the Government at no higher rates. When the ladies of the city begged for an improvement of this rate the secretary hesitated, lest it should disarrange the relations of capital and labor throughout the city! Poor people died of cold and want every winter in the city, and the fact seems to have made an impression only on benevolently disposed persons like Mr. Carey.—*Prof. R. E. Thompson in Harvard University Lecture.*

FOOD INSPECTION AT PARIS.

The French Academie des Sciences, says *Nature* (London), in awarding the Prix Montyon to M. Girard, the director of the laboratory opened in Paris seven years ago for testing the quality of the food and drink sold by the tradesmen of the capital, has issued a report which shows how much good this laboratory has done. The laboratory was first opened in 1878, and specimens of wine, beer, cider, milk, chocolate, coffee, tea, etc., are examined daily; so, too, are the colors used for toys, sweet-meats and liquors, as well as pork suspected of containing trichinosis, and tinned meats. Some of these samples are brought by the public, and the analysis is made free of cost when all that is asked is whether they are free from adulteration. If, however, an analysis of their proportionate composition is required, the laboratory makes a small charge, and this brings in an annual income of about £1,200 a year. A larger number of samples are, however, brought in by the twenty inspectors who are attached to the laboratory, and whose duty it is to visit the different taverns and grocers' shops, and examine the articles offered for sale. These inspectors are provided with a microscope and with acids, which enable them to test a good deal of merchandise on the spot, and they only bring back to the laboratory specimens of the articles which they have reason to suspect are adulterated.

EXTENT OF THE PRESENT COMMERCIAL DEPRESSION.

The whole world has been suffering for two years under an intense commercial crisis. Hardly any country has escaped the stringency. For special reasons, France has suffered the most. But England, Belgium, Italy, Germany, and even the United States and the South American republics, have not been free from its effects. All kinds of commercial activity bear witness to a universal languor. The railroads show diminished receipts over all the European Continent and in the British Islands. The foreign commerce of France has been declining for five years, during which time the valuation of imports has diminished by sixteen per cent., and that of exports by ten and a half per cent. A part of this decrease is, doubtless, due to the general depreciation of prices, so that the falling off in the quantity of goods handled is not actually so great as the figures would make it appear; but this depreciation in prices is another cause of serious concern to economists. Italy, where the financial management in later years has been most excellent, has had to pay tribute, though in smaller proportionate amounts, to the general de-

pression. Germany has met a check in the speedy race to wealth which it proudly thought it was making. In the United States the exports have fallen \$200,000,000 since 1880. The Argentine Republic, also, is obliged to struggle against grave financial and commercial embarrassment.—*Paul Leroy-Beaulieu, in Popular Science Monthly.*

SUEZ CANAL.

The French legislature has authorized a lottery scheme for the benefit of the De Lesseps Panama Canal fund, and this scheme will enable the movers to fleece the small capitalists of France out of \$125,000,000, which, added to the \$120,000,000 already received and presumably expended, makes a total of \$245,000,000. Authoritative reports by wholly disinterested men show that the original \$120,000,000 have been squandered recklessly, and that the work necessary to open the canal has actually been barely commenced, not more than one-eighth of the requisite excavation having been made, to say nothing of several formidable engineering difficulties yet to be overcome, whose cost is altogether a matter of mere conjecture. It is reasonable to infer from the best obtainable statistics that the canal laid out by De Lesseps will cost at least a billion dollars. It is the apparent truth of this inference which emphasizes the enormity of the swindle to be perpetrated with legal sanction upon ignorant French money-holders in the lottery scheme. One thing is certain, the canal could never pay interest on the amount of money designed to be expended upon its construction by De Lesseps. It now seems equally certain that it will never be finished. In either case the innocent investors will get no return from their investment. The lottery scheme is only a temporary expedient to stave off the impending and inevitable disaster that will be precipitated by the official confession that the canal is a failure. Collapse must come sooner or later, and the longer it is delayed by new extortions of money from ignorant peasants and artisans in France, so much the more acute and profound will be the misery caused by the fiasco.

BOOK NOTICES.

An Investor's Notes on American Railroads. By JOHN SWAIN, M. A., Oxon.
New York and London: G. P. Putnam's Sons. 1886.

The object of this book is to furnish information, and the plan is to cover all the questions which are likely to be asked by those who are looking toward American railroads as sources of investment. About twenty subjects are described—the nature of “pools,” “water,” “parallel lines,” “funding,” “receivers’ certificates,” and the like. To one groping for information, this must be a real boon. If, however, the author had waited till after the recent decision of the New York Court of Appeals on receivers’ certificates, a different color would have been given to that subject. The writer has been concise in his treatment of everything as it was necessary to be; he clearly understands the matters described, and we have no doubt that the book will be a welcome contribution to a large class on both sides of the water. While American investors, it is presumed, are better acquainted with the dark and devious ways of railway management than foreign investors, yet even for Americans there is much in this book that will repay their perusal.

The Labor Movement in America. By RICHARD T. ELY, Ph. D., Associate in Political Economy, Johns Hopkins University. New York: Thomas Y. Crowell & Co.

This book will make strong friends and enemies, for it gives forth no uncertain sound. The book is written for a purpose, and this is frankly avowed by the author. Indeed, he has had two purposes before him: the first was to show the interesting nature of the subject and the second was to convince all who should read the work, of the vastness of our present opportunity. "While America is young," says the author, "and our institutions and even our habits of thought are as yet plastic to an unusual degree, we have advantages which are not likely to recur in a near future. It is still in our power permanently to avoid many of the evils under which older countries suffer if we will but take to heart the lessons of past experience, and seriously endeavor to profit by the mistakes of others; and surely this is wiser than to repeat their folly. The present crisis in our history is a time when either optimism or pessimism is easy; but both are dangerous. The potentialities for good or for evil are grand beyond precedent, and it rests with the living to say what the future shall be. There is enough that is alarming to excite us to vigorous action; there is enough that is promising to encourage our best efforts with the brightest hopes." As we do not intend to review the work at the present time, we will reserve a description of the leading features of the work.

The Labor Problem—Plain Questions and Practical Answers. Edited by WM. E. BARNES. With an introduction by RICHARD T. ELY, Ph. D., and special contributions by JAMES A. WATERWORTH and FRED. WOODROW. New York: Harper & Brothers. 1886

This little book is another product of the labor agitation. A considerable portion of it consists of the opinions of men, and which we do not think possess much value. Many of these contributors to the volume are thoughtful men, but their space was small, and their utterances in many cases were evidently prepared with haste. What it seems to us is wanted in the way of literary help on this subject is a careful study of the past, and deductions therefrom in the form of rational principles and experiments for future application. Dr. Ely opens with a brief article on "Co-operation in Literature" and the State, followed by Mr. Waterworth on the "Conflict Historically Considered." For those who have never read anything on the latter subject, this will prove useful. "A Plea for Profit Sharing" is a very good chapter; for, beside giving a good account of foreign experiments, the writer has also described those that have been tried or are on trial in our own country. The last and longest contribution, entitled "Side-lights on the Labor Problem," by Fred Woodrow, is the most striking feature of the book, and is a real gem. The reader's interest in it is heightened from knowing the author's remarkable career. A workman and pilgrim, roving over the world, he is essentially a poet, and his piece is full of beauty and helpfulness. His page glows with Christian eloquence, and if those for whom he writes are not moved by what he says, something beside ideas, put in a singularly forceful manner, must be used to make an impression. The author has not attempted to say anything new, but he has dissected the evils of the times with rare power, and has shown the better way with a clear-

ness, beauty and force unusual in works of this kind. The closing sentences are reproduced; we wish we had space for more. "The verities of conscience, justice, divine government, life, death and judgment, are the same under a monarch's crown and a miner's cap; their violation is as equable in results—a jeweled hand bleeds when cut, and a millennium will be in disturbed conditions if vice and unrighteousness exist. The world, if made into a planet parlor and a communistic free lunch, will not prevent greed from taking the easiest chair, and putting its fork into the fattest sardine. The crisis point will never be passed by individuals or societies where the old question is silenced, Christ or Barabbas? and to my fellow-workmen, with whom I have shared the crust and the scars of toil, I would emphasize in this concluding article the old doctrine, 'Seek first the Kingdom of God and His righteousness, and all these things will be added unto you!' This is hoary with age, is clouded with abuse, and to some but a fossilized canon of exploded heresy, but if you wipe the mud from the coin you will find the mintage reliable and the metal sound—the only currency of true and abiding progress in individual character and social advancement."

A Treatise on Contracts for Future Delivery and Commercial Wagers, including "Options," "Futures" and "Short Sales." By T. HENRY DEWEY, of the New York Bar. New York: Baker, Voorhis & Co. Publishers. 1886.

Though law writers have covered the entire field of judicial decision, yet law books of great excellence are very few. The classifying of the determinations of the courts may seem to be an easy feat, but those who have faithfully attempted to do it better understand the difficulties in the way. With respect to many decisions, the classifying and stating of them is easy; but in every extended branch of the law there are decisions which fit into one classification as well as another. Many writers quickly dispose of such decisions by simply putting them in two or three places, instead of carefully examining them and putting them under a single head. Then there are other decisions too refractory at first sight to be classified at all. Many of these, however, could be fitted together by more thorough study. If not illustrations of rules and thus falling under them, they might be grouped together as answers to questions, as Daniel has done in his excellent work on "Negotiable Instruments." Again, writers too often do not examine the cases, but trust to digests, and so miss the real questions decided, or give only imperfect descriptions, or the incidental expressions of opinion. Finally, the method of writing American books, whereby legal principles are blended together, results in the sacrifice of accuracy of statement for agreeableness in style. The English law books, while having a lower literary quality than ours, are generally far more luminous expositions of the law. Another reason for their superiority in this regard is, because on all the principal branches of the law there are fewer cases to examine and reduce to an orderly arrangement. And this leads us to say of the work before us that it is better than many, for the reason that the writer, having a smaller field to cover, has evidently examined the cases, stated them correctly, and one can read the book with a feeling of security that he is getting the law as it is. Law writers are often inaccurate, not because they are prejudiced or incom-

petent, but because they do not examine the reports as they should; and the reader, after consulting such an author, is not content or sure of his position until he has read the cases cited. This book is especially important, because several of the more important questions considered are unsettled, and a knowledge of what has been decided can be more quickly learned through it than in any other way.

INQUIRIES OF CORRESPONDENTS.

ADDRESSED TO THE EDITOR OF THE BANKER'S MAGAZINE.

INTERPRETATION OF NEGOTIABLE INSTRUMENT.

FACTS.—A New York Company takes a contract to furnish and put in operation a "plant" in another state; sends agent to attend to same; he finds it necessary to purchase materials to execute the contract, and in name of Company makes written contract with seller for same, to be paid for part cash and part on time. Materials being delivered, draws on Company in New York at twenty days after date for time payment, draft drawn at place where plant is being put up, and payable to seller's order, signed by agent in his own name, with instructions to charge to account of "Factory Plant," but with nothing on face to show it is really drawn for Company's liability. Company accepts same at office in New York, payable at a bank in New York. Draft protested for non-payment without excuse.

QUERY.—1. Is the company liable as drawer, as well as acceptor of bill? 2. Under New York statute, is Company as acceptor (not as drawer) liable for any and what damages, other than interest and protest fees, upon the protest for non-payment? 3. As the drawer, is it liable under New York statute for any and what damage? 4. Can the holder of the bill, finding property of the Company in another state, recover the damages fixed upon the Company as acceptor by the New York statute for non-payment, the laws of such other state not providing for damages against acceptor?

REPLY.—1. The proper interpretation of a negotiable instrument like this is to be derived from the words of the instrument itself, and not from circumstances outside of it connected with the consideration for which it was given. Upon the face of this draft there is nothing to show that the drawer was agent of the drawee, and the direction to charge to the account of "Factory Plant" is not enough to point out to any person, to whom the draft might be negotiated, that the drawer was such agent. The contract of the drawer of this draft therefore must be taken for what it purports to be, viz.: the personal contract of the individual, who signed it as drawer, and not the contract of the Company. The rule is well settled that, in order to save the agent, in such a case, from liability, "it must be plainly apparent from the contents of the bill itself that no personal liability was intended." Edwards on Bills, § 70. We think, therefore, that the Company is not liable as drawer of the bill. 2. Under the New York statute, the Company, upon protest of the bill for non-payment, is liable as acceptor for no damages other than interest and protest fees. Edwards on bills, § 1,028. *Guilman v. Davis*, 45 Barb. 576, n. That statute applies to bills "drawn or negotiated within this state" (R. S. of N. Y., 7th Ed. (Banks) p. 2244), and does not affect this instrument, which was drawn and negotiated in another state and made payable and accepted here. 3. It is not liable as drawer, and if it were, the statute referred to would not apply to it. 4. The answer to this must depend upon the law of the particular state where the suit is brought; but it does not seem to be a matter of any importance, as the New York statute does not give damages in such a case against the acceptor.

BANKING AND FINANCIAL ITEMS.

PERSONAL.—A change in location has been made by the old banking and brokerage house of John H. Davis & Co. For twenty years they have been in the banking business, and for seventeen years have occupied the same offices at No. 17 Wall street. Increase of business makes larger quarters necessary, and the firm have taken a lease of handsome offices at No. 10 Wall street (Astor Building), where they open to-day. This house has a wide reputation for honorable dealing and shrewd intelligence, and both old friends and new will be pleased with the improved facilities now offered. The investment bond business of the firm is very large, and its recommendation has never been given to any doubtful security.

MORE BONDS CALLED FOR.—The Secretary of the Treasury, October 29, issued the one hundred and forty-fourth call for the redemption of bonds. The call is for \$10,000,000 of bonds of the 3 per cent. loan of 1882, and notice is given that the principal and accrued interest of the bonds designated below will be paid at the treasury on December 1, and that the interest on the bonds will cease on that day, viz.: Three per cent. bonds issued under the act of Congress approved July 12, 1882, and numbered as follows; \$50, original No. 49; \$100, original No. 610 to original No. 640; \$500, original No. 267 to original No. 285; \$1,000, original No. 2,176 to original No. 2,434; \$10,000, original No. 6326 to original No. 7,308, all inclusive. Total, \$10,000,000.

NATIONAL CURRENCY.—Last month we gave the plan of a currency worked out by Mr. Flannagan, Cashier of the Commercial National Bank of New York, in response to the inquiries of the Comptroller of the Currency. *The Troy Daily Times*, in commenting on the chief features of the plan, says: "It will be seen that they contemplate the establishment of a gold-bearing bank currency upon a silver foundation. He does not set them forth dogmatically as the only or even as the best that can be devised, but only invites comment and criticism from those who are competent to judge in regard to such matters from a practical standpoint. We understand that some bankers of experience and sound judgment are inclined to receive the scheme with favor as embodying germinal ideas of value. Possibly some modification of details in the measure prepared by him may be deemed necessary after thoughtful examination, but the groundwork of his theory appears satisfactory so far as we are capable of forming an opinion. The difference in profit to a bank under such a law as he proposes would be very small as compared with the issuance of notes based upon the security of three per cent. bonds, according to his calculations. Finally, there is nothing in the scheme to which advocates of monthly purchases of silver by the Government could reasonably object, because the use of that metal in connection with the currency would not be in any manner abridged. In answer to the question: Why issue a circulation through the banks, based on a deposit of silver, rather than silver certificates direct by the Government? Mr. Flannagan replies:

1. Because in the one case we have a circulation redeemable in gold coin or its equivalent, and in the other we have a circulation exchangeable only for a cumbersome and undesirable coin. 2. Because in the one case we have behind this redeemable circulation, as additional security therefor, the actual banking capital of the country, which limits the amount of said circulation to a safe basis, according to the requirements of trade, and in the other we have only the depreciated metal itself, the amount of circulation being limited by the compromises of the law-making power, and necessarily without any flexibility whatever. 3. Because when issued through the banks the circulation represents a value received and given at the time of issuance. When issued by the Government, it is a mere exchange of a value for a certificate which declares a falsehood on its face. 4. Because the first will keep us on a gold basis of values, and the second surely lead us to a silver standard.

NOVEL BANKING.—In a Boston letter to the *Salem Gazette*, the writer says : " Many years ago a young man in one of the banks showed such capacity as a Teller or Cashier that some of its customers got up a bank for him. Everything went on successfully. There was a habit of lending and borrowing between banks, and sometimes between them and reliable individuals, and this young Cashier had such a relation with a man supposed to be beyond suspicion. One day this man came to him with a large request, no less than the loan of \$150,000, equal to half the capital of the bank, which was \$300,000. Strange, he got it, and disappeared, not to be found ; his kindred could give no information about him ; telegraphs, railroads, ocean steamers did not exist to afford inquiry or pursuit. The Directors had to be made aware of the loss of half their capital. Their first thought was to reduce their capital to \$150,000. The young Cashier submitted himself to their discretion, but proposed, if allowed to go on, to devote himself, all his means and energies, to the rehabilitation of the capital. The Directors acceded to his request. The matter was kept quiet. The bank went on successfully. The Cashier paid promptly 8 per cent. dividend on \$300,000, out of \$150,000 business. Watching every opportunity to make a penny, at the end of fifteen years he accomplished his purpose. The capital of the bank was restored. When he began his task he was thirty years old, when he finished it he ought to have been in the prime of life, only forty-five, but the incessant strain of those fifteen years left him a wreck, and in less than five years, in the height of his usefulness, he sank to his grave."

S. V. WHITE.—THE BANKER'S MAGAZINE does not have much to do with politics, but when a person so well known in monetary affairs as Mr. White enters the political field, the event is worth noticing. After his acceptance of the Congressional nomination for one of the Brooklyn districts a very interesting sketch of him appeared in the *New York Times*, from which we extract the following :

" Samuel V. White, lawyer, astronomer, broker and speculator, generally known in Wall street as 'Deacon' White, is often taken for a New Englander by reason of a certain peculiarity of accent, but he was born in North Carolina. He has a fortune of \$3,000,000, largely acquired by transactions in the stock of the Delaware, Lackawanna and Western Railroad. He is 54 years old, but is very energetic, often going up stairs to his office in times of excitement two steps at a time. Early in life he went West. He had a taste for study, and graduated from Knox College, at Galesburg, Ill. He studied law in the office of the Hon. John A. Kasson, afterward United States Minister to Germany. He drifted to St. Louis and became a reporter on the *Missouri Democrat*. He found himself in Des Moines, Iowa, and there he practiced law for nine years, became a Judge, and then came to New York. Here he practiced law for a time, and then became a stock-broker as well. He still practices law, mostly in the Federal Courts. He appears at intervals before the Supreme Court of the United States. He is a well-equipped business lawyer and a good speaker. He is full of vim and fire. One who knows him well, in referring to his energy of character said : ' It is not an unusual occurrence for him to squeeze the shorts in Lackawanna at the Stock Exchange during the day, take the night train for Washington, argue an important case before the United States Supreme Court the following day, return to New York by the night train and again be in the Lackawanna crowd at the sound of the gong the next morning.' " He is a friend of the banks and a believer in sound money, and we rejoice over his election."

KENTUCKY.—The Farmers' Bank, Bowling, Ky., was incorporated in 1875, and has a capital of \$50,000. The officers are Judge John McCune, President ; John W. Hendrick, Vice-President, and Samuel P. Griffith, Cashier. They have just moved into their new bank, said to be the best building in the county, with burglar proof vault, etc., and fitted in a manner suited to the volume of business done. The bank makes collections, issues bills of exchange, and sells passage tickets to and from all parts of Europe.

MAINE.—Notwithstanding the heavy defalcation of the Cashier of the First National Bank of Portland, the statement made by it after a thorough and complete examination of its affairs shows that the institution is not only solvent, but strong. The capital is unimpaired, and the surplus and undivided profits amount to \$142,000.

WISCONSIN.—The city of Ashland, Wis., was startled last month by the report that L. C. Willmorth had been assailed in his bank by two men and robbed of a large sum of money. He gives the following story of the robbery: "I arrived at my bank about 9 o'clock, and at once opened the vaults and safes preparatory to the day's business. At about 10 o'clock, while at work at my desk, two men entered, and in an instant I was facing two revolvers, while a determined voice said, 'Keep your mouth shut.' Before I could defend myself one of the men had entered the apartment back of the counters and seized me." An attempt was made to tie his hands, but in the struggle Mr. Willmorth mastered his man, but the other man overpowered him, and, placing his revolver against the banker's head, threatened to shoot him if he resisted further. Both of the robbers seized him and thrust him into the open vault and closed and locked the door upon him. They then rifled the outer office and gathered up the cash that had been laid out for the business transactions of the day, amounting to about \$6,000, and then decamped. Soon after the robbers had gone a lady entered the bank, and by pounding on the door Mr. Willmorth made his wants known. She immediately gave the alarm, and he was released from the vault. Sheriff Tolford and Chief of Police Schwartz were informed of the robbery and started in pursuit of the desperadoes, who have up to a late hour this evening managed to elude the officers. A reward of \$500 has been offered for the capture of the robbers. Mr. Willmorth states that about \$4,000 in money and several certificates of deposit were taken from the safe besides other papers. It is certain that the robbers were professionals, and have been in the city for some time. The robbery created great excitement, and all the roads leading from the city are well guarded. Should the robbers endeavor to make their escape by one of them they will certainly be captured.

CANADIAN BANK OF COMMERCE.—The General Manager of this bank, Mr. Walter N. Anderson, has resigned his position, the state of his health no longer permitting him to attempt the laborious duties of the office. Mr. Anderson has rendered long and arduous services to the Commerce through some trying commercial periods. He became its Cashier early in 1873, at which time some eighteen branches had been opened, and the aggregate loans and discounts were some \$11,000,000. To-day the bank has thirty-four branches, and its loans and discounts amount to \$17,000,000. Trained in the National Bank of Scotland, and having long served in Canada in the Bank of British North America—good schools to make a man methodical and thorough—he was well informed as to banking principles and exacting as to routine. Mr. Anderson's natural prudence, as well, probably, as his training, disposed him to move, as a banker, within safe and cautious lines rather than to attempt bold or risky ventures. His devotion to his post has been most conscientious, and he commanded the general respect of his numerous constituency. A successor to Mr. Anderson has been chosen from amongst the officers of the Commerce, in the person of Mr. B. E. Walker, of the New York agency, and the choice appears to have been worthily made. The new General Manager is a native Canadian, began his business career in Hamilton, and has been in the service of the Bank of Commerce continuously since 1868. Going in as Discount Clerk, he was in succession Manager of the Windsor, Peterboro, London and Hamilton branches, and five years ago was made joint agent in New York with Mr. Goadby. Mr. Walker is held in high esteem in New York, a community in which a man in his position is usually judged on his merits, and though still a young man, he brings to his new and responsible position a varied experience as well as abundant energy.—*Toronto Monetary Times*.

FRENCH CIRCULATION OF SILVER.—Instructions have been issued from the treasury to its agents to withdraw from circulation the gold pieces of 5 francs. In fact, they have already almost disappeared from circulation; they are disliked by the public, as, from their small size, they are easily lost, and for the same reason the loss in weight by friction is greater than in the large gold coin. Their entire withdrawal will enable the Bank of France to put a greater number of silver 5-franc pieces in circulation. Although no such instructions have been publicly given with regard to gold 10-franc coin, it is probable that they have also been quietly withdrawn, for they have become rare for some time past, and if retained at the bank and treasury offices this may account for a part of the increase of the gold reserve. The public prefer silver 5-franc pieces, in spite of their weight, to gold coin of less than 20 francs.—*London Economist*.

TAX DECISION.—Judge Wallace, of the United States Circuit Court, has rendered a decision against the New York banks in their tax case. As previously stated, the receiver of taxes in New York city, George W. McLean, levied a tax upon the shares of the National banks. The banks, as representing the shareholders' interest, demanded of the receiver and obtained an injunction restraining him from collecting the tax. The decision of Judge Wallace is made upon the motion of thirty-five of the banks to have the injunction made permanent. The motion for an injunction is denied. The case will go to the United States Supreme Court, where it is believed by the banks that a different decision will be rendered.

NEELD KIND OF SECURITIES.—Chicago *Tribune*, Thursday, says: 'Two bushels of standard barley and three bushels of the standard grade of corn sold in this market for less than a dollar in each case, while wheat sold down to the lowest point touched since 1862. Sixty-nine and three-eighths cents per bushel for wheat was reached for a few minutes a year and ten months ago, but not otherwise in the last twenty-four years till now. When it is remembered that the wheat crop of two years ago was a much larger one than that which the Washington statistician credits the country with for 1886, the market must be conceded to be very low. There is no doubt that the depression of yesterday was in large part due to the Neeld defalcation, though few cared to admit the fact. It led to a severe scrutiny of the character of other securities given by dealers in produce, and to not a few unfounded suspicions in regard to them. The truth is that about all the receipts for grain and hog products in the hands of the trade are registered under the rules, and are not "regular" for delivery on contracts unless they bear the stamp of the official whose duty it is to certify that the paper actually represents the property named on it. If there be any more of the Neeld kind of "securities" floating around, it will be well to hunt them out as soon as possible, but the chances are against it. In regard to the integrity of receipts that have been registered, there is no more room to question it than exists in the case of a certified check. This statement is certainly true with reference to grain, and the only weak point in connection with provision paper consists in the fact that the property is stored in the keeping of men who are more or less interested in the market. It is not improbable that the Neeld business will lead to some change in this particular—if no other than that involved in the requirement to give bonds in a larger sum than the \$5,000 exacted from the Ferguson firm.

THE NEGOTIABILITY OF POST OFFICE ORDERS.—In the case of the *Fine Art Society v. the Union Bank of London*, the Court of Appeal, according to the London *Economist* of August 14, has just decided a rather important point in regard to the negotiability of post-office orders. As is well known, it is a general custom with banks to receive post-office orders from their customers for collection, which they cash at the post office, and place the proceeds to their customers' credit. When cashed by a private person, a post-office order has to be signed by the payee, who has also to state the name of the sender of the order. But the latter is not required when orders are paid to a bank, since, when presented by the latter for payment, the custom at the post office is to not require the name of the sender. This custom is a very natural one, the receipt of the bank being taken as equivalent to the receipt, etc., of the payee. In the case to which we have referred, some orders received by the plaintiffs in the course of business were entrusted to a clerk to pay in to their account at the Union Bank of London. The clerk, however, who had an account of his own at the same bank, fraudulently paid them in to his own account, and the bank obtained payment from the post office, and placed the proceeds to his credit. Accordingly the plaintiffs took action against the bank to recover the amount, and the Court of Appeal decided in their favor, the bank being held liable for the amount of the orders. The facts of the case are rather briefly reported in the *Times*, but, although it is not stated, the orders were presumably in the name of the Fine Art Union. It is, however, quite clear from the case as reported, that banks will have to be careful in accepting post office orders from their customers in future, since if they cash them for any other person except the specified payee they do so entirely at their own risk. It is true that the risk is not, perhaps, very great, since the amounts involved are usually small. The way, however, to be safe will be to refuse to cash orders except for the payee by whom they are signed, and the result of this will be to render post office orders generally negotiable.

To endure is greater than to dare, but why endure a bad pen when Esterbrook's superior and standard steel pens are within the easy reach of all, being sold everywhere ?

LONDON SETTLEMENTS.—A London paper calls attention to the fact that settlements on account of international trade do not center in London so exclusively as they did three or four years ago. It appears that this is not only due to a heavy falling off of direct imports and exports, but also to a decline in the exports of foreign and colonial merchandise. Last year the value of this trade was less than £58,000,000, being a decline of 11 per cent. on the year 1883. During the present year it is estimated that the decrease will equal at least 10 per cent. on the foreign and colonial merchandise of last year. The *London Daily News* believes that this decline of entrepot trade indicates a diversion of mercantile shipping to the more direct routes offered by Mediterranean, Belgian and German ports. It further appears that, as merchandise tends to avoid London, so bills on London become fewer, and its hold upon foreign financial centers weaker. It seems that while the supply of cash in London is still open to all the foreign demands of those who can furnish security, foreign centers are not so open. In support of this statement it is asserted that the Bank of France seeks to evade payment of gold whenever it suspects applicants of a design of exporting it from France.

RAISED BANK NOTES.—For some time past the extreme western parts of Ontario have been flooded with \$1 and \$2 American bank notes raised to \$10. Three or four arrests have been made, but the prisoners have been speedily discharged, being entirely innocent. The raisers of the notes have just been accidentally discovered. Lately, a provincial detective proceeded to the farm of Mr. Wetherall, in Lambton County, where two sons, Joseph and Justice, were suspected of having robbed a store in a neighboring village. When the young men, who were working in a field, saw Rogers coming, they made for the river and succeeded in crossing to Marine City, about four miles distant on the Michigan side, just across the St. Clair flats, and about four miles distant. Rogers went to the house to search for stolen goods and found a portion of the proceeds of two robberies in the boys' rooms. He also discovered nine American one-dollar bank notes that had been raised to \$10, a large quantity of paper used for making the changes, two engraved plates, a quantity of paint and brushes, and acid used for erasing the original figures on the notes. The work of raising the numbers of the notes was very neatly executed by means of soft paper and plates. The latter were made in Detroit. Detective Rogers took charge of the entire outfit, and will acquaint the United States Government with the facts.

MISSISSIPPI.—The capital stock of the Bank of Yazoo City has been enlarged from \$50,000 to \$100,000, and this additional capital stock was paid in on the 1st of October, which was the tenth anniversary of the organization of the bank. On the 3d the regular annual meeting of the stockholders was held, and also a directors' meeting, which resulted in the election of the following officers. President, R. C. Shepherd; Vice President, Chas. Roberts; Cashier, S. R. Berry; Directors, I. N. Gilruth, W. C. Craig, J. H. Haverkamp, John Lear, Sr., Louis Wise, J. F. Powell, Wm. Hamel, I. J. Fouché. No better evidence of its conservative management could be found than the fact that during its existence only \$534 have been lost and charged to profit and loss account. The bank has been very prosperous ever since it was organized, more so, probably, than any other bank in the State. Its stockholders and officers are gentlemen of great public spirit and reputation as business men. Its President, Mr. Shepherd, has long been known as one of the solid business men of the city, who had a long career as merchant there, but for several years past has devoted his time exclusively to the bank. Mr. Roberts, the Vice-President, is a leading business man of Oxford, and is also interested in a bank at Oxford and Winona. He was one of the original stockholders in the Bank of Yazoo City. Mr. S. R. Berry, the Cashier, is widely known and highly respected as a citizen, and he has first-class qualifications for the position he now occupies. The Directors are all citizens of Yazoo City, and are among the most solid and enterprising men of the place. We believe no bank in the State has abler officers or is better managed. It is intimately associated with the business interests of the city.

BOSTON BANK STOCKS AND DIVIDENDS.

The following table, compiled by Joseph G. Martin, Boston, presents the capital of each bank, together with the last two semi-annual dividends, free of all taxes, and the amount payable on Friday, Oct. 1, also the market value of each stock, *dividend on*, April 1, 1886, and at the present time :

<i>Boston Banks.</i>	<i>Capital.</i>	<i>Dividends.</i>		<i>Amount.</i>	<i>Stock, Divid. on.</i>	
	Oct. 1, 1886.	Apr., '86.	Oct., '86.	Oct. 1, 1886.	Apr. 1,	Sept. 29, '86
Atlantic National	\$750,000	3	3	\$22,500	138	136
Atlas National	1,500,000	2½	2½	37,500	126	120
Blackstone National	1,500,000	2½	2½	37,500	116	115
Boston National	1,000,000	3	3	30,000	122	122
Boylston National	700,000	3	3	21,000	131	133
Broadway National	200,000	0	0	—	102	102
Bunker Hill National	500,000	4½	4½	22,500	190	183
Central National	500,000	3	3	15,000	108	111
City National	1,000,000	2½	2	20,000	116	110
Columbian National	1,000,000	3	3	30,000	132	130
Commerce	1,500,000	3	3	45,000	125	134
Commonwealth	500,000	2½	3	15,000	120	125
Continental National	1,000,000	3	3	30,000	118	120
Eagle National	1,000,000	2	2	20,000	114	110
Elliot National	1,000,000	3	3	30,000	127	130
Everett National	400,000	2	2	8,000	101	108
Exchange National	1,000,000	2	2½	25,000	125	132
Faneuil Hall National	1,000,000	3	3	30,000	136	135
First National	1,000,000	5	5	50,000	212	212
First Ward National	200,000	3	3	6,000	280	130
Fourth National	500,000	2½	2½	12,500	112	112
Freeman's National	800,000	2	2	16,000	108	101
Globe National	1,000,000	2	2	20,000	102	99
Hamilton National	750,000	3	2	15,000	127	128
Hide & Leather	1,500,000	2½	2½	37,500	121	120
Howard National	1,000,000	2½	2½	25,000	118	112
Lincoln National	300,000	2½	2½	7,500	107	112
Manufacturers' National	500,000	2	2	10,000	102	101
Market National	800,000	2	2	16,000	102	93
Massachusetts Nat. par \$250	800,000	2	2	16,000	104	100
Maverick National	400,000	5	5	20,000	225	225
Mechanics' National	250,000	3½	3½	8,750	131	133
Merchandise National	500,000	2½	2½	12,500	103	108
Merchants' National	3,000,000	3	3	90,000	145	145
Metropolitan National	300,000	2½	2½	7,500	114	114
Monument National	150,000	5	6	7,500	215	215
Mount Vernon National	200,000	5	3	6,000	140	141
National Market of Brigh	250,000	3½	3½	8,750	140	140
New England National	1,000,000	3	3	30,000	151	144
North National	1,000,000	3	3	30,000	135	138
North America	1,000,000	2	2½	25,000	107	108
Old Boston National	900,000	2	2	18,000	62	60
People's National	300,000	4	4	12,000	160	160
Redemption National	1,000,000	3	3	30,000	126	126
Republic National	1,500,000	3	3	45,000	140	140
Revere (National)	1,500,000	3	3	45,000	127	126
Rockland (National)	300,000	4	4	12,000	137	138
Second National	1,600,000	3	3½	56,000	154	154
Security National	250,000	12½	12½	6,250	180	180
Shawmut National	1,000,000	3	3	30,000	123	122
Shoe & Leather National	1,000,000	2½	2½	25,000	102	105
State National	2,000,000	2½	2½	50,000	125	120
Suffolk National	1,500,000	2	2½	37,500	117	113
Third National	600,000	2	2	12,000	100	99
Traders' National	500,000	2	2	10,000	102	98
Tremont National	2,000,000	2	2	40,000	114	109
Union (National)	1,000,000	3	3	30,000	145	141
Washington National	750,000	2½	2	18,000	135	125
Webster (National)	1,500,000	2	2	30,000	108	105
Total Oct., 1886	\$52,450,000			\$1,421,750		
April, 1886	52,450,000			1,410,000		
Oct., 1885	52,450,000			1,365,500		
April, 1885	52,450,000			1,428,000		

‡ Quarterly.

NEW BANKS, BANKERS, AND SAVINGS BANKS.

(Monthly List, continued from October No., page 311.)

<i>State.</i>	<i>Place and Capital.</i>	<i>Bank or Banker.</i>	<i>Cashier and N. Y. Correspondent.</i>
CAL.	Colton	First National Bank.....	.....
	\$50,000	John W. Davis, <i>Pr.</i>	John W. Davis, Jr., <i>Cas.</i>
COL.	Golden	Bank of Golden.....	First National Bank.
	\$45,000	Smith S. Talcott, <i>Pr.</i>	Alfred M. Hawley, <i>Cas.</i>
DAK.	Bowdle	Davis & Easton.....	.....
	\$35,000	.....	.....
"	Mitchell	Mitchell National Bank..	.....
	\$50,000	W. G. Davidson, <i>Pr.</i>	N. L. Davidson, <i>Cas.</i>
ILL.	Taylorville.....	First National Bank.....	.....
	\$75,000	Wm. W. Anderson, <i>Pr.</i>	Hiram R. Anderson, <i>Cas.</i>
IND.	Cannelton.....	Perry County Bank	Hanover National Bank.
		Thomas W. Hull, <i>Pr.</i>	Thomas Seth Hull, <i>Cas.</i>
"	Covington.....	Wabash Valley Bank.....	National Broadway Bank.
		Zimri Dwiggins, <i>Pr.</i>	Wm. H. Storbuck, <i>Cas.</i>
"	Warsaw	Albian Beck.....	.....
KAN.	Downs.....	Exchange National Bank.	Hanover National Bank.
	\$50,000	W. W. Hetherington, <i>Pr.</i>	J. B. Kroetch, <i>Cas.</i>
"	Downs.....	First National Bank .....	.....
	\$50,000	John Hall, <i>Pr.</i>	Smith R. Young, <i>Cas.</i>
"	Hoxie.....	Sheridan County Bank...	Bank of America.
	\$25,000	Chas. H. Dow, <i>Pr.</i>	W. F. Morrison, <i>Cas.</i>
"	Lindsborg.....	Earners' State Bank.....	Seaboard National Bank.
	\$12,500	M. J. Wellslager, <i>Pr.</i>	A. E. Agrelins, <i>Cas.</i>
"	Lyons.....	First National Bank .....	.....
	\$50,000	J. R. Bell, <i>Pr.</i>	J. E. Gilmore, <i>Cas.</i>
"	Miltonvale.....	Miltonvale State Bank...	National Bank of Republic.
	\$30,000	Wendell P. Rice, <i>Pr.</i>	.....
"	Milan	Farmer's Bank.....	Mercantile National Bank.
	\$10,000	Nicholas Edwards, <i>Pr.</i>	F. R. Edwards, <i>Cas.</i>
"	Peabody.....	Kansas State Bank.....	National Bank of Republic.
	\$33,000	W. E. Scott, <i>Pr.</i>	S. S. Findley, <i>Cas.</i>
"	Scott.....	Traders' Bank.....	.....
	\$30,000	(Miller & Eastman)	Frank H. Miller, <i>Cas.</i>
"	Sylvia.....	Bank of Sylvia.....	Kountze Bros.
	\$25,000	W. O. Arsdale, <i>Pr.</i>	Antonia N. Bontz, <i>Cas.</i>
"	Syracuse.....	Bank of Syracuse.....	National Park Bank.
		(W. F. Reed & Co.)	.....
"	Wellington	State National Bank	National Park Bank.
	\$50,000	A. H. Smith, <i>Pr.</i>	W. C. Glaize, <i>Cas.</i>
MINN.	Lakefield.....	Jackson County Bank...	United States National Bank.
	\$20,000	Thomas F. Barbee, <i>Pr.</i>	Merritt E. Lawton, <i>Cas.</i>
"	Madelia.....	Minnesota Valley Bank..	Chemical National Bank.
	\$50,000	C. D. Ash, <i>Pr.</i>	H. B. Wadsworth, <i>Cas.</i>
"	Preston.....	Fillmore County Bank...	National Bank of Republic.
		J. R. Clements, <i>Pr.</i>	M. R. Todd, <i>Cas.</i>
"	St. Paul.	Seven Corners Bank.....	Central National Bank.
	\$50,000	Rees M. Newport, <i>Pr.</i>	Wm. B. Evans, <i>Cas.</i>
NEB.	Alma	First National Bank.....	.....
	50,000	Levi B. McManus, <i>Pr.</i>	Edward O'Keefe, <i>Cas.</i>
"	Filley.....	Bank of Filley.....	United States National Bank.
	\$12,000	C. E. White, <i>Pr.</i>	G. E. Moore, <i>Cas.</i>
"	Lincoln.....	German National Bank..	.....
	\$100,000	German H. Schaberg, <i>Pr.</i>	Joseph Boehmer, <i>Cas.</i>
NEV.	Winnemucca...	First National Bank.....	.....
	\$50,000	L. A. Blakeslee, <i>Pr.</i>	Geo. S. Nixon, <i>Cas.</i>
N. J.	Passaic.....	Passaic National Bank...	Importers & Traders' Nat'l B'k.
	\$58,250	Edo Kip, <i>Pr.</i>	Robert D. Kent, <i>Cas.</i>

<i>State.</i>	<i>Place and Capital.</i>	<i>Bank or Banker.</i>	<i>Cashier and N. Y. Correspondent.</i>
OHIO...	Cleveland.....	West Side Banking Co...	Mercantile National Bank.
"	.. Wellston.....	\$50,000 Lee McBride, <i>Pr.</i>	Thomas M. Irvine, <i>Cas.</i>
"	.. Wellston.....	\$50,000 First National Bank.....	H. S. Willard, <i>Pr.</i> J. H. Sellers, Jr., <i>Cas.</i>
"	.. Weston.....	Exchange Bank.....	Fourth National Bank. John V. Beverstock, <i>Cas.</i>
TENN...	Jackson.....	Second National Bank.....	John A. Pitts, <i>Pr.</i> W. S. Moore, <i>Cas.</i>
TEXAS..	Houston.....	W. O. Ellis & Co.....	Latham, Alexander & Co. O. G. Drew, <i>Cas.</i>
"	.. Whitesboro....	Bank of Whitesboro.....	National Bank of Republic. J. T. Brown, <i>Pr.</i> J. B. Oldham, <i>Cas.</i>
"	.. Winchester....	\$50,000 Bank of Winchester.....	G. G. Phillips, <i>Pr.</i> F. G. Steele, <i>Cas.</i>
WYO...	Sheridan.....	Bank of Sheridan.....	Ninth National Bank. \$50,000 (E. A. Whitney & Co.) Horace C. Alger, <i>Cas.</i>

OFFICIAL BULLETIN OF NEW NATIONAL BANKS.

(Continued from October No., page 312.)

<i>No</i>	<i>Name and Place.</i>	<i>President.</i>	<i>Cashier.</i>	<i>Capital.</i>
3563	Exchange National Bank..... Downs, KAN.	W. W. Hetherington,	J. B. Kroetch,	\$50,000
3564	State National Bank..... Wellington, KAN.	A. H. Smith,	W. C. Glaize,	50,000
3565	First National Bank..... Wellston, OHIO.	H. S. Willard,	J. H. Sellers, Jr.,	50,000
3566	First National Bank..... Yazoo City, Miss.	L. Lippman,	L. B. Warren,	50,000
3567	First National Bank..... Greenleaf, KAN.	W. W. Hetherington,	J. W. Beach,	50,000
3568	Pasadena National Bank..... Pasadena, CAL.	I. W. Hellman,	G. A. Swartwout,	50,000
3569	First National Bank..... Downs, KAN.	John Hall,	Smith R. Young,	50,000
3570	Farmers' National Bank..... Culpeper, VA.	Lewis P. Nelson,	C. J. Rixey,	50,000
3571	German National Bank..... Lincoln, NEB.	Herman H. Schaberg,	Joseph Boehmer,	100,000
3572	Passaic National Bank..... Passaic, N. J.	Edo. Kip,	Robt. D. Kent,	58,250
3573	First National Bank..... Colton, CAL.	John W. Davis,	John W. Davis, Jr.,	50,000
3574	First National Bank..... Clay Center, NEB.	Geo. H. Cowles,	Geo. E. Birge,	50,000
3575	First National Bank..... Winnemucca, NEV.	L. A. Blakeslee,	Geo. S. Nixon,	50,000
3576	Second National Bank..... Jackson, TENN.	John A. Pitts,	W. S. Moore,	75,000
3577	First National Bank..... Lyons, KAN.	J. R. Bell,	J. E. Gilmore,	50,000
3578	Mitchell National Bank..... Mitchell, DAK.	W. G. Davidson,	N. L. Davidson,	50,000
3579	First National Bank..... Taylorville, ILL.	Wm. W. Anderson,	Hiram R. Anderson,	75,000
3580	First National Bank..... Alma, Neb.	Levi B. McManus,	Edward O'Keefe,	50,000

CHANGES OF PRESIDENT AND CASHIER.

(Monthly List, continued from October No., page 313.)

<i>Bank and Place.</i>	<i>Elected.</i>	<i>In place of</i>
N. Y. CITY.—Chase National Bank...	Henry W. Cannon, <i>Pr.</i>	John Thompson.
	John Thompson, <i>V. P.</i>	Lewis E. Ransom.
COL.... Western Nat'l B'k, So. Pueblo.	Chas. E. Saxton, <i>Cas.</i>	Chas. B. McVay.
DAK... Bank of Hermosa, Hermosa...	E. E. Miller, <i>Cas.</i>	A. U. Thomas.
" .. First National Bank of	C. C. Wolcott, <i>V. Pr.</i>	F. E. Wolcott.
" .. Larimore.	E. C. Bennett, <i>Cas.</i>	C. C. Wolcott.
" .. Mitchell Nat'l Bank, Mitchell..	L. N. Seaman, <i>V. Pr.</i>	.....
ILL.... Sterling Nat'l Bank, Sterling...	John H. Lawrence, <i>Cas.</i>	Chas. A. Reed.
" .. First Nat'l Bank of Taylorville.	Andrew L. Angur, <i>V. Pr.</i>	.....
KAN.... First National Bank of	G. H. Skinner, <i>V. Pr.</i>	.....
" .. Downs.	C. J. Sargent, <i>Ass't Cas.</i>	.....
KY.... Merchants' Nat'l B'k, Louisville	Frank H. Johnson, <i>A. C.</i>	.....
LA.... Citizens' B'k of La., N. Orleans.	Henry W. Conner, <i>Pr.</i>	Thomas D. Miller.
" .. Hibernia Nat'l B'k, N. Orleans.	John G. Deverem, <i>V. P.</i>	Andrew Stewart.
ME.... First National Bank, Portland.	James E. Wengren, <i>A. C.</i>	W. E. Gould.
MD.... Nat'l Mechanics' B., Baltimore.	W. F. Lucas, <i>Pr. pro tem.</i>	Robt. T. Baldwin.*
MASS... National City Bank, Boston...	Arthur Burnham, <i>Pr.</i>	Samuel R. Payson.
" .. Nat. Hide & Leather B., Boston.	W. A. Faulkner, <i>Cas.</i>	A. P. Weeks.
" .. Old Boston Nat'l Bank, Boston.	T. F. Pratt, <i>Ass't Cas.</i>	until Jan. 1, 1887.
" .. Franklin Co. Nat'l B'k, Boston.	John Sanderson, <i>Pr.</i>	Henry K. Simons.
" .. Dedham Inst. for Sav., Dedham.	Alfred Hewins, <i>Treas.</i>	C. Guild after 12/1/6
" .. Lee National Bank, Lee.....	P. C. Baird, <i>Pr.</i>	Harrison Garfield.*
" .. Lee Savings Bank, Lee . . .	C. C. Benton, <i>V. Pr.</i>	P. C. Baird.
" .. Lee Savings Bank, Lee . . .	P. C. Baird, <i>Pr.</i>	Harrison Garfield.*
" .. Natick National Bank,	C. C. Benton, <i>V. Pr.</i>	P. C. Baird.
" .. Natick.	Stephen W. Holmes, <i>Cas.</i>	G. S. Trowbridge.*
" .. Frederick O. Boston, <i>A. C.</i>	.....	.....
MICH... City National Bank, Greenville.	F. B. Warren, <i>Ass't Cas.</i>	.....
" .. Nat'l Bank of Sturgis, Sturgis.	Wm. M. Allman, <i>Cas.</i>	John J. Beck.
MISS... First Nat'l Bank of Yazoo City.	Chas. Mann, <i>V. Pr.</i>	.....
MO.... Kan. City Safe Dep. & Sav. B.,	H. P. Stimson, <i>ad V. Pr.</i>	.....
" .. Kansas City.	E. C. Sattley, <i>Cas.</i>	H. P. Stimson.
" .. Merch. Nat'l B'k, Kansas City.	W. B. Clarke, <i>Pr.</i>	John C. Gage.
" .. National Bank of Paris, Paris.	Wm. F. Buckner, <i>Cas.</i>	Jno. S. Conyers.
MONT... First National Bank,	Jos. A. Baker, <i>Cas.</i>	C. E. Conrad.
" .. Fort Benton.	C. E. Conrad, <i>V. P.</i>	John W. Power.
" .. First National Bank, Helena...	Geo. H. Hill, <i>ad Ass't C.</i>	.....
NEB.... First National Bank, Arapahoe.	Fred. Boehner, <i>Cas.</i>	Henry Chamberlin.
N. H.... Nat'l Granite State B'k, Exeter.	Benj. F. Folsom, <i>Pr.</i>	Chas. A. Merrill.
" .. New Hamp. Bkg. Co., Nashua.	W. A. Farley, <i>Treas.</i>	John G. Kimball.*
N. J.... Dime Savings Inst., Plainfield.	John W. Murray, <i>Pr.</i>	E. W. Runyon.
N. C.... State National Bank, Raleigh.	C. E. Cross, <i>Pr.</i>	E. R. Stamps.
OHIO... First National B'k, Cardington.	F. P. Hills, <i>Pr.</i>	W. H. Marion.
" .. Euclid Ave. Nat. B., Cleveland.	C. F. Brush, <i>V. Pr.</i>	.....
" .. First National Bank, Wellston.	R. W. Goddard, <i>V. Pr.</i>	.....
" .. Third Nat'l Bank, Circleville...	C. Benford, <i>Pr.</i>	W. J. Weaver.
PENN... Apollo Savings Bank, Apollo...	S. M. Jackson, <i>Pr.</i>	John B. Chambers*
" .. Second Nat'l B'k of Brownsville.	Wm. Parkhill, <i>Cas.</i>	Eli Crumrine.
" .. First Nat'l Bank, Glen Rock...	Joseph Dize, <i>Pr.</i>	William Herbst.
" .. Marine National Bank, Erie...	F. P. Bailey, <i>Cas.</i>	C. E. Gunnison, <i>A'g</i>
" .. National Security Bank,	Isaac A. Sheppard, <i>Pr.</i>	Geo. Gelback.*
" .. Philadelphia.	Jacob Rech, <i>V. Pr.</i>	Isaac A. Sheppard.
R. I.... Wakefield Nat'l B'k, Wakefield.	John E. Babcock, <i>A. Cas.</i>	.....
" .. Wickford Nat'l B'k, Wickford.	Philander J. Thomas, <i>V. P.</i>	until Jan. 1, '87.

* Deceased

	<i>Bank and place.</i>	<i>Elected.</i>	<i>In place of</i>
TENN.	Second Nat'l Bank of Jackson.	W. T. Nelson, <i>V. Pr.</i> . . . . .	.....
VT.	People's Nat'l B'k, Brattleboro.	O. A. Marshall, <i>Cas.</i>	Wm. A. Faulkner.
VA.	Farmers' Nat'l Bank, Culpeper.	Earl English, <i>V. Pr.</i> . . . . .	.....
WASH.T	First National Bank, Olympia.	Geo. L. Shannon, <i>V. Pr.</i>	W. P. Book.
WIS. ...	Rock County National Bank, Janesville.	C. S. Jackman, <i>V. Pr.</i>	John Watson.
		S. B. Smith, <i>Cas.</i>	C. S. Jackman.
ONT.	Federal B'k of Can., Tilsonburg.	N. P. Dewar, <i>Mgr.</i>	Francis Cole.
" ..	B'k of London in Can., Watford	J. L. Gower, <i>Mgr.</i>	T. A. Telfer.*

CHANGES, DISSOLUTIONS, ETC.

(*Monthly List, continued from October No., page 214.*)

DAK. ...	Faulkton	Faulk County Bank, formerly at La Foon, now at Faulkton.
ILL.	Taylorville.	W. W. Anderson & Co.; succeeded by First National Bank.
" ..	Fargo.	Bank of Fargo, Chas. Sweet & Co.; now (H. F. Miller).
KAN. ...	Ninnescah	Minnescah Bank (Scott, Findley & Scott); removed to Peabody, Kan.
MICH.	Sheridan	J. E. Gardner; succeeded by Stone & Hemmingway.
" ..	St. Charles	Bank of St. Charles; succeeded by Farmers' Exchange Bank (E. E. Burdick).
" ..	St. Clair.	First National Bank; succeeded by Commercial and Savings Bank; same officers.
MINN.	Janesville.	Janesville B'k (Geo. Buckman); now Jennison Bros., props.
" ..	Mankato.	City Bank; succeeded by Mankato National Bank.
NEB.	Clay Center.	Clay Center Bank; suc. by First Nat'l Bank; same officers.
OHIO.	Hubbard.	Hubbard National Bank gone into voluntary liquidation.
" ..	Lima.	Merchants' National Bank gone into voluntary liquidation.
PA.	West Newton.	M. M. Dick's Bank; successor to James A. Dick.*
VA.	Culpeper	Rixey Bros.; succeeded by Farmers' National Bank.
W. VA.	Priedmont.	Priedmont National Bank gone into voluntary liquidation; suc. by Bank of Priedmont under same management.

The reports of the New York Clearing-house returns compare as follows:

1886.	<i>Loans.</i>	<i>Specie.</i>	<i>Legal Tenders.</i>	<i>Deposits.</i>	<i>Circulation.</i>	<i>Surplus.</i>
Oct. 2.	\$340,195,700	\$74,082,900	\$18,570,100	\$346,756,300	\$8,164,400	\$5,963,925
" 9.	343,756,900	75,696,800	16,843,800	349,924,500	8,113,300	5,038,800
" 16.	343,811,300	75,279,400	17,053,500	350,855,800	8,218,500	4,618,950
" 23.	341,555,000	75,779,400	16,848,600	348,633,700	8,249,000	5,469,575
" 30.	341,401,800	76,631,200	17,049,500	349,128,100	8,237,500	6,398,675

The Boston bank statement is as follows:

1886.	<i>Loans.</i>	<i>Specie.</i>	<i>Legal Tenders.</i>	<i>Deposits.</i>	<i>Circulation.</i>
Oct. 2.	\$141,324,000	\$9,083,100	\$3,167,500	\$100,895,900	\$15,548,500
" 9.	142,100,400	9,031,900	3,258,000	102,594,800	15,342,400
" 16.	142,078,400	9,349,400	3,274,400	103,814,600	15,323,000
" 23.	143,057,400	9,502,100	3,151,300	104,990,500	15,380,800
" 30.	144,506,100	9,499,100	3,533,100	104,992,100	15,210,100

The Clearing-house exhibit of the Philadelphia banks is as annexed:

1886.	<i>Loans.</i>	<i>Reserves.</i>	<i>Deposits.</i>	<i>Circulation.</i>
Oct. 2.	\$87,823,000	\$23,076,600	\$84,922,300	\$5,419,633
" 9.	87,703,800	23,261,400	84,947,700	5,035,950
" 16.	88,386,600	23,750,000	86,798,300	4,920,200
" 23.	88,043,800	23,710,600	85,859,300	4,765,100
" 30.	87,160,200	23,501,400	85,041,800	4,673,340

* Deceased.

FLUCTUATIONS OF THE NEW YORK STOCK EXCHANGE, OCTOBER, 1886.

Opening, Highest, Lowest and Closing Prices of Stocks and Bonds in October.											
GOVERNMENTS.						RAILROAD STOCKS.					
Interest Periods.	Open- ing.	High- est.	Low- est.	Close- ing.		Open- ing.	High- est.	Low- est.	Close- ing.		
Mar.	112½	112½	111½	111½	111½	East Tenn., Va. & Ga.....	—	—	—	—	
Quarterly	112½	112½	111½	111½	111½	Do.	pref.	—	—	—	
Jan.	127½	129½	127½	128½	128½	Erie.....	35½	36½	78½	78½	
coup	128½	129½	128½	128½	128½	Do.	—	—	—	—	
Feb.	100½	100½	99½	100	100	Houston & Texas.....	77	78½	36	36	
option U. S. reg.	126½	126½	126½	126½	126½	Illinois Central.....	—	—	34½	34½	
reg.	126½	126½	126½	126½	126½	Indiana, Bloom'n & Western.....	165½	35½	75	75	
reg.	128½	128½	126½	127½	127½	Louisville & Nashville.....	91½	35½	30	30	
reg.	131½	131½	131	131½	131½	Louisville, N. Alb. & Chic.....	91½	35½	29½	29½	
reg.	133½	134½	133½	134½	134½	Lake Erie & Western.....	92½	58½	134½	134½	
reg.	136	136½	136	136	136	Long Island.....	91	13	—	—	
						Michigan Central.....	91½	92½	58½	58½	
						Mil. L. Sh. & West.....	91½	96	58	59	
						Do.	pref.	—	—	—	
						Morris & Essex.....	91½	94½	90	91½	
						Missouri Pacific.....	111½	111	111	118	
						Missouri, Kansas & Texas.....	36½	37½	35½	36½	
						Manhattan Beach Co.....	15	15	14½	14½	
						Manhattan Consol.....	145	175	141½	141½	
						Memphis & Charleston.....	—	—	40	43	
						Mobile & Ohio.....	—	—	20½	21½	
						Minneapolis & St. L.....	20½	47½	45	47½	
						Do.	pref.	—	—	—	
						N. Y. Chic. & St. Louis.....	21½	113½	110½	113½	
						Do.	pref.	—	—	—	
						N. Y. Central & Hudson.....	57½	68½	55½	57½	
						N. Y. & New Eng.....	62½	61½	48½	48½	
						New Jersey Central.....	44½	44½	44	47½	
						N. Y. Lack. & Western.....	29½	29½	29½	29½	
						Norfolk & Western.....	65	65	64½	61	
						Northern Pacific.....	62	73	62	73	
						Do.	pref.	—	—	—	
						Nashville, Chat. & St. L.....	28½	30½	26½	26½	
						Do.	1st pref.	17½	20½	17	
						Do.	2d pref.	13½	13½	11½	
						Central Pacific.....	48½	49½	45½	45½	
						Colorado Coal & Iron.....	28½	34½	28	30½	
						Dela ware, Lack. & West.....	137½	143½	135½	135½	
						Dela ware & Hudson Canal.....	106½	108	103½	103½	
						Denver and Rio Grande.....	32½	32½	31½	31½	

NOTES ON THE MONEY MARKET.

A FINANCIAL AND COMMERCIAL REVIEW.

October has neither exceeded nor disappointed the expectations entertained of it a month ago. The fine mild weather had scarcely been interrupted, until the last week of the month brought a long and much-needed rain. Indeed, through the greater part of the middle and Eastern States, as well as in some of the Western, the autumn drought had become as protracted as was that of last spring. On the North Atlantic seaboard almost two months had elapsed without more than one or two light showers, and the equinoctial storm entirely forgot its coming. Little damage, however, has resulted, as the crops were all made, and the warm, dry fall has enabled the farmers of the United States to secure their crops in the finest condition ever known, almost without exception; not only this, but it has enabled them to market them more freely and early than usual. As a result, fall trade has been earlier than the average, and hence it will be over sooner. The lull in the activity of August, September and the first half of October, during the last half of the past month, is due to this fact, and not to a disappointing volume of business. This accounts for the smaller bank clearances since the middle of October, which have been cited as an evidence of a relapse in the business recovery that set in during July. Rather, it is the general report from most branches of business that the amount of trade this fall has been far in excess of last year, and larger than an average. It has been done on a smaller margin of profit, however. Although prices have generally improved on manufactured goods, the raw material has advanced as much or more, and left the manufacturers' profit very small; as consumption has not sufficiently overtaken production to materially reduce the competition among dealers, and enable them to much more than make a commission. But the business done, has been upon a safer basis than for years, both as to its class and as regards long credits. When they have sold a bill of goods, it has been to some one who wanted them for immediate use, who resold them, and who had the money to pay for them when the bills became due, instead of the goods piled up on their shelves. Stocks are therefore small in second hands, while the actual demand has been large enough to keep them moderate in first hands. The mills have in consequence been able to market goods as fast as they could make them, as a rule. Our industrial and commercial interests are therefore in the easiest and strongest position occupied for years. Legitimate demand and supply, with small profits, large volume of business, short credits and good collections, with both merchant and manufacturer and workingman busy, is all that could be asked, or desired in these branches of trade. These markets are free from speculation, over-trading and extended credits, such as always accompany a boom, like that in 1879-80, when we recovered from the last period of depression only to plunge again into the one from which we have just escaped. Yet because there has been none of the wild activity and speculative advance in prices this year that was seen then,

some superficial observers have regarded the present recovery as but partial and its permanency as doubtful. Only the speculators and the army of middlemen, who live off speculation, instead of legitimate industry, however, complain, as a rule. Thus Mr. Armour, who is both a large producer and speculator, well expressed it, "Nobody who has a legitimate business, and is attending to it, is growling. As for us, our business never was better, although we have to do a good deal to make a little money."

This is the real business situation throughout the country to-day, with few exceptions, where the bear raids of speculators, who made fortunes in depressing values since 1883, have delayed and so far prevented the recovery which has been experienced, as shown above, where legitimate business has supplanted speculation. These exceptions are found alone in agricultural products, and particularly in those where speculation exists, in the shape of option dealings, by which gamblers in this basis of the prosperity of our country, can make the prices of their products for the tillers of the soil. From 1879 to 1882 those same speculators bulled these products so far above their legitimate value that they killed our export trade, and brought India, Egypt and South America into the field as competitors for the trade of Europe in the products of the soil. At the same time they levied so heavy a tax upon our own consumers that the increased cost of living crippled our industrial interests, checked consumption, at the same time that they brought on inflation and over-production, thus doubly aggravating the causes of the depression that has since followed. Now these speculators are living out of the agricultural producer by bearing the prices of his products below their legitimate value, and in some cases even below the cost of production. They are doing all in their power to ruin or impoverish the agricultural classes now as they did the industrial classes then. Were it not for this speculation in the staples of commerce and the necessities of life, these periods of extreme inflation and depression would not occur, except during and after a great or protracted war among the great commercial powers. If, therefore, the manufacturing interests, which are rid of this curse of speculation, will keep clear of it, and continue upon the same level as now, except where values harden on legitimate demand and with the ultimate recovery of the agricultural interests, upon which the complete prosperity of the whole country depends, they may enjoy the longest and most healthy period of prosperity known in our industrial history.

The agricultural interests, though a year behind the industrial, as the latter were a year behind the former in 1878-79, because the conditions were then reversed, will soon fall into line and recover from this artificial depression, in spite of the speculators. This would have occurred already on the present crop, in the overtaking of supply by demand, had not the supply been unnaturally increased by the impoverished condition of the farmers, who, being unable to pay the banks the loans made them for the past two years on a declining market, cannot borrow money on their grain in the country this year, and are unable themselves to hold as much as usual till the last half of the crop year. Not only this, but the banks have forced them to sell the bulk of their surplus during the first four months of this crop year, to pay off these old loans. Hence a much larger than the normal percentage of the year's supply is being marketed

during the first half. The present stocks, therefore, appear in excess of demand, and the bears use this lever to force prices lower than a year ago although the world's supplies are much less, as the *pro rata* demand on this crop has not yet overtaken this supply. This situation is apparent to all, yet the bears have the money to hold prices down till the position develops, which may not be till another year opens, while the bulls as well as the farmers are too poor to hold the present supplies till European consumption shall overtake them and relieve our markets of the surplus that is now used to keep them down. Whenever the farmers' deliveries shall fall off, however, or the export demand be renewed in volume as at the beginning of the crop, before the bear speculators scared Europe off with the prospect of lower prices; then, wheat and all its products and substitutes, as well as our other food and feed supplies will rise to a higher level on the absorption of the surplus supply by the most legitimate and healthy export demand for our products we have had since these speculators ruined our market. When that surplus is gone, as it will be before another crop will be available, then consumption will be thrown upon the reserves, which will be drawn upon for the first time in four years, or since the late period of over-production began, the world over, stimulated by our high prices from 1879 to 1882.

What is true of wheat is practically true of other grain, provisions and cotton, all of which are now selling at about bottom prices. At these prices America can undersell the world, considering the superior quality of her staples, the shorter distance to Europe, and our superior transportation facilities both by land and water, at cheaper rates.

Our only great export product of the earth that does not come under the above head and conditions is petroleum, and it is by no means certain that the existing conditions are not sufficiently similar to produce the same result. Crude oil has been held down by speculative main force, or money power, in the face of decreased production and increasing consumption as we enter the season of the year when the use of oil for domestic purposes nearly doubles. Yet the Standard monopoly has prevented the strength of the situation from telling in the price of crude oil, because it was not ready for the market to advance. Money power has held this export staple at a fictitiously low price, as it has produce. Hence, while the volume of our exports have been larger than last year, as a whole, the values have been smaller in proportion, and the balance of trade against this country has been made correspondingly larger by bear manipulation. Had it not been for the heavy and almost constant buying of American securities by London, we should have seen gold going out of here now, instead of coming over from Europe, and the Sterling Exchange market completely reversed. Yet any danger to the money market from this source is now past, as Europe has held off from buying our products nearly as long as she can, awaiting lower prices, or a settled market on which to buy, without a loss, before purchases can be shipped. Hereafter she will have to be a more liberal buyer of our food supplies to meet her own deficit of twenty-five per cent. as compared with a year ago, and this will keep gold coming this way in a larger or smaller stream, according as Europe takes our other export articles. So far, it has shipped our cotton, on this crop

very freely, as the planters have marketed it earlier than usual, owing to the fine fall and the tight money market, which has rendered it difficult to borrow money to hold cotton, as it has to hold wheat.

In the money market there has been a good demand for all available funds at the advance of the early autumn, and at times they have commanded more. But this has been the exception, and there has been no real stringency that was at all general, although the market has worked close, as it is likely to do so long as business continues to improve. The bank statements have shown no remarkable changes, and their condition is generally regarded as sufficiently satisfactory to eliminate the banks as well as the money market from consideration as probable new factor in the future of the markets.

In our last we called the halt in the advance in stocks which were then booming on the Reading reconstruction and combinations of the coal companies. We showed that they had taken their full share of the improvement in business, and possibly more, as the then earnings were more likely to decrease than increase from that time on. The result has borne out the analysis of the situation as then made; and although the cliques tried hard to continue that boom into October, they failed after the first week in the month, when some of them unloaded and dropped out of the market, while others turned bears or remained passive spectators of the situation until there should be something to bull it on again. Since then the bears, under the lead of Cammack, have made considerable headway in causing a reaction. The packer's lockout at Chicago, and the switchmen's strike at Minneapolis were used to hammer the market for a while. But these were settled, after a short interruption to business, and peacefully, when the city election was seized upon, as a bear element, in the absence of anything better. This had some influence with those who allow other people, more interested than they appear to be, to do their thinking for them. No candid man of intelligence and reflection, however, fears any insecurity to the rights of property, whichever of the candidates are elected.

Neither of them, if elected, will do anything that is contrary to law and neither can make or unmake laws affecting the rights of property or person, if they would. This cry of "classes" against each other, is un-American, disloyal to our form of government, and more dangerous to the rights of both person and property than the success of either of the three parties which have an equal right to compete for the suffrages of their fellow citizens.

It is the old rings that have already fastened themselves upon the city government that are dangerous to either person or property, and any mayor who will break them up and give an honest, clean government, is to be welcomed by all good citizens of all "classes." But any mayor who is dependent upon these rings for election can neither rid himself nor the city of them afterward. This is all there is, affecting the rights of property involved in this election, and business men will do well to keep their own political conscience and judgment too, turning a deaf ear to such demagogic appeals. The truth of it is, the stock market had gone high enough, if not too high, for the reasons given in our last, and a reaction was inevitable sooner

or later. It has come sooner, and hence will be less radical than if it had been delayed and forced eventually, instead of coming gradually and naturally, as now, and the city election had nothing to do with it.

War probabilities in Europe have had temporary influence on our markets during the month, both for stocks and wheat, which have advanced on such news, for selling of European securities would follow war, and the money taken out of them would seek investments not affected by European complications. Hence Americans were first affected, while war with Russia would close the Black Sea and one of our largest competitors in wheat and corn would be shut out of Western European markets at least. These prospects of war, however, are daily regarded with more indifference, as Russia seems to be having things all her own way in Bulgaria, except so far as the Bulgars have the courage to oppose her alone, while the balance of Europe has only shown the courage of talk thus far, leaving Bulgaria to act. A war, therefore, would be a strong bull element in our markets.

The prospects of business for November are as good as usual for the season, which is always dull in the wholesale lines, till after New Year. But the retail and jobbing trade should be good, from the fact that the fall has been unusually mild and winter goods will now be more active for that reason. As to the general outlook there does not appear to be a thunder-cloud, in the entire business horizon on this side of the Atlantic, and the prospect for the coming year now seems brighter than for many past, as the prosperity, which has become quite general this year, promises to be complete during the next.

DEATHS.

BALDWIN.—On October 7, aged sixty-seven years, ROBERT T. BALDWIN, President of National Mechanics' Bank, Baltimore, Md.

CHAMBERS.—On October 21, aged seventy-three years, JOHN B. CHAMBERS, President of Apollo Savings Bank, Apollo, Penn.

DU BOIS.—On October 23, aged sixty-eight years, GILBERT DU BOIS, President of First National Bank, Ellenville, N. Y.

EMORY.—On September 26, aged thirty-three years, N. MARTIN EMORY, Partner of Emory, Freed & Co., Philadelphia, Penn.

GARFIELD.—On October 15, aged seventy-six years, HARRISON GARFIELD, President of First National and Lee Savings Bank, Lee, Mass.

GELBACK.—On September 30, aged seventy-six years, GEORGE GELBACK, President of National Security Bank, Philadelphia, Penn.

KIMBALL.—On October 19, aged fifty-nine years, JOHN G. KIMBALL, Treasurer of New Hampshire Banking Company, Nashua, N. H.

LANG.—On September 8, aged eighty-eight years, JOSEPH LANG, President of Meredith Valley Savings Bank, Meredith Valley, N. H.

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NEXT CONGRESS.

Congress is about to convene and probably pass through a dull session. The country is in a pacific mood. People in general were pretty quiet before election, but that has had a decidedly quieting effect in certain ways, especially with regard to the tariff. It is very clear to the political leaders that the last election was fraught with considerable significance. However faulty the tariff may be, it is quite certain that while the usual number of speeches will doubtless be made on the subject, Congress is likely to leave the law unchanged.

One of the subjects which is likely to be more fully considered than any other is the reduction of the revenue. This will be urged on various grounds. One is that the present rate of taxation is burdensome and therefore should be removed. Another is that the paying of the debt has gone on so rapidly that it will be quite impossible to get much more of it for redemption, except by paying excessively high rates. Neither proposition goes unquestioned. It certainly cannot be shown that taxation is very burdensome, for if it were we should hear complaints from the sufferers. Those who do complain are certainly not those who bear the burden, if there be any. We think that if it were very burdensome long before this the suffering ones would have cried out. If therefore the lessening of taxation be not regarded as essential to the lightening of the taxation burden borne by any class of individuals, we think it quite clear that the other argument advanced for diminishing the revenue is not a very sound one.

For it is as certain as anything can be that the people almost universally are in favor of paying the debt at the earliest moment. The interest account, small as it is in comparison with what it once was, is by no means a pleasant item to contemplate. Moreover, if taxation be a burden, the true way to relieve it is to pay the debt and then there will be less occasion for maintaining a tax.

With respect to getting hold of the debt, a good many expedients may be found for purchasing it without paying exorbitant rates. For example, the '91s are due in about four years. The premium on them is very sensibly affected by the approaching time for their redemption. As of course they cannot all be paid at once, and a portion must be continued on some plan or other, we would suggest the feasibility of continuing a portion for one, two, three, or four years, say, with the understanding that equal portions may be redeemed one, two, three, or four years earlier. The same proposition might be made with respect to the 4 per cents. Moreover, why would it not be practicable to buy up certain good securities under proper restrictions and safeguards and hold a portion of the surplus in that form? Another alternative might be to buy such securities under proper restrictions and exchange them with a Government guarantee, for Government securities. By doing this the investors would have a bond just as good as that of the Government, for it would be guaranteed by the Government itself, while on the other hand the National obligations would be undergoing redemption. Another alternative would be the redemption of a certain portion of the bonds at their face value, while continuing to pay the holders a portion of the interest for a certain period of time, not exceeding, of course, the time for which bond is to run. Other alternatives might be suggested. We have mentioned enough to show, as we think, that the plea often made that the Government is not likely to be able to get its unmatured bonds on fair terms is simply a plea which has been made without thinking very much about the possibilities of the situation. Various plans and alternatives doubtless would suggest themselves if those most interested in the subject should seriously set to work to find ways for buying the unmatured bonds at a fair price. We may be confident that it is possible for the Government to get fair treatment in the matter, and the thought that it cannot should not deter it from continuing its present policy of debt paying.

So much for the revenue and the debt. With respect to the bank note circulation, we do not believe that much is likely to be done concerning it. It is clear that the banks will not buy bonds for the purpose of basing a circulation on them, and therefore as debt-paying is sure to go on, of course the bank circulation must gradually come to an end. As for putting anything in its place,

there does not at present seem to be very much disposition to act in the matter. We are making additions to our circulation by the injection of gold and silver. We are utilizing our currency in a most remarkable way as we have elsewhere shown by multiplying banks and clearing houses, so that the money that we have is doing greater work than ever before, and in view of these facts, which are palpable, there is no grave necessity, as we can see, of legislating, at present at least, on the subject. This we should say was the present temper of the people. Doubtless bills will be introduced and speeches made and the subject discussed a good deal through the session, but we doubt if any action is taken.

As for silver, while this will doubtless prove a subject of continual discussion, we question if anything is done unless it be a law for the suspension of silver coinage at some considerable distance in the future—one, two, three, four, or five years, or when a certain amount is reached. Possibly a compromise between the two parties may be made on such a basis. Otherwise nothing is likely to be done. Politics enter so much into our calculations, our elections are held so frequently, that the tendency at present is at least to forego legislation on both sides. That is to say, there are no bills which either party can press forward unitedly and gain much support from the people. For example, the silver States are important to both parties, and therefore both are neutral in their treatment of them. The tariff is getting to be more and more a question of the same nature. In other words, as we said before, real party questions for the time being seem to have sunk out of sight, and for this reason we are not likely to get much legislation of any kind. It is said to be the intention of Mr. Randall to introduce the appropriation bills at an early date, and if this were done and their nature and structure were thoroughly considered during one session of Congress by Congressmen and the newspapers, so that the people for once should really know and understand how their money is expended in all its details, it would be one of the most profitable sessions on record.

Elsewhere will be found a letter from a Washington correspondent, whose thorough knowledge of the situation entitles his opinions to much more than the usual consideration bestowed on such communications.



TAXATION OF PERSONAL PROPERTY.

The annual complaint is now heard in New York City over the higher assessment of property located in the city than in other parts of the State. It is affirmed that the assessment of property in the city is very much higher, and that a just equalization ought to be made. In this connection also much is said concerning the taxation of personal property. It is stated, and truly, that only a small portion of the personal property in the State, which by law is subject to taxation, is assessed for a taxable purpose. It is easy to evade the law, provided conscience is put out of sight, and, queerly enough, people often do not exhibit much conscience in these matters, whatever may be said of them in other things. Most of the personal property of the city therefore escapes taxation. A trifling amount is assessed, and the law is essentially a farce.

While this is true, looking at the subject from one point of view, it is no less true that from another a very large portion of what is called personal property is assessed for taxable purposes. This property in the main consists of bonds and stocks of banks, railroads and other corporations, which have a real existence, and are doubtless taxed as much as other kinds of wealth in the same vicinity. In view of this fact that the actual wealth which these corporations possess—by which we mean their visible, tangible actual possessions—is assessed like other wealth, it is manifestly unfair to tax in addition the certificates or title to such wealth; in other words, the stocks and bonds issued by them.

Since this is so, since the wealth of corporations is taxed like that of individuals, there is no reason for taxing the titles to it. This much, therefore, is certainly clear, and the sooner we give up this form of double taxation the better for all concerned.

What is evidently needed is a reciprocal system of State taxation that shall be operative with respect to the taxation of such wealth. If a railway bed and rolling stock existing in the State of Illinois are taxed there, no good reason can be given why the owners of the certificates to this wealth, in other words, the holders of the bonds and stocks, living in New York, should be taxed on them. The plain simple rule should be to tax the visible, tangible, actual property wherever it exists, and corporations, banks, and the like, at the places where they do business, or if having more than one office, at their principal office; and if this simple practical rule were put in operation, most of the vexed questions respecting taxation of personal property would pass away.

That is precisely the reform that is needed—a reciprocal system of taxation among all the States covering wealth existing within them, but whose owners in many cases reside elsewhere.

BANK CIRCULATION ONCE MORE.

It is assumed in all discussions relating to a future paper circulation that it is needful in order to effect our daily transactions. Without questioning the truth of this assumption, it is very clear that other elements enter into the subject which have all along been quite left out of sight, and these are the use of other agencies for effecting payments. The consequence of using these is to lessen the need of money of any kind. There are two propositions involved in the question which should be distinctly kept in mind—ability to pay, and the means to pay. An individual, for example, may have a great deal of wealth, enough to pay his debts many times over if converted into them, and yet he may not have money enough on a particular occasion to discharge even the smallest indebtedness. We well know that times occur every now and then when men with large wealth are unable to convert it into legal means that will satisfy indebtedness. This distinction must be kept in mind if we are to have any clear understanding of our subject.

It is well known that the great volume of exchanges effected in this country, England and other countries to-day is by means of bank checks and other credit agencies, with the additional use of a very small amount of money to pay balances. On many occasions we have given illustrations and facts showing the wonderful economy wrought in this regard. Now, our banks are increasing with very great rapidity—nearly two hundred since the incoming of the present national administration. These institutions all facilitate greatly the use of money, thereby enabling us to make more payments with the same amount. The question which we propose to raise is, whether by multiplying banks we are not doing precisely the same thing for the country, so far as exchanges are concerned, as we would do by increasing the volume of currency. We do not know of any way of reaching any quantitative answer, but, generally speaking, it can be affirmed without question that the increase in our banking facilities clearly has this effect. There is, therefore, less pressing occasion for adding to the supply of money in consequence of the withdrawal of the National bank circulation than there would be if the banks were less rapidly increasing.

It may also be added that the increase in clearing-house facilities has also this effect. In other words, as we multiply these we enable men more perfectly to discharge their debts by offsetting other debts against them. This is the great function of the clear-

ing-house, the bringing of debts together and exchanging them, and thus canceling both. We all understand this. Now credit is just as good a thing as money in making payments, if the person to whom we tender it is just as willing to receive it as he would money. And furthermore, as our country becomes richer and the ability and willingness of men to pay stronger, the use of credit in this way is developing in a marvelous manner.

Looked at from another point of view, we might say that as we succeed in putting the wealth of the world into a negotiable form, which mankind are willing and ready to take, to that extent we dispense with the use of money. And this is precisely what we are doing by means of banks and clearing-houses. We are transferring actual wealth to an enormous amount, and using the title thereto, which in a true sense are bills of exchange, promissory notes, checks, certificates of deposit and the like, to discharge indebtedness. We repeat, therefore, that so long as our system of legislation and our faith in one another permits the ready use of property in this way, there is less and less need of money, and so we get around once more to our starting point, that in the event of the withdrawal of the National bank circulation there is less pressing occasion for substituting other notes, because those who are engaged in buying and selling are able to make many payments by their own wits and inventions without the intervention of the Government or the use of any money whatever.

FINANCIAL FACTS AND OPINIONS.

A Boston newspaper publishes an interview with President Cheney, of the Gallatin National Bank, of this city, in which Mr. C. congratulates himself on his good fortune in disposing of all the 3s (\$150,000) held by his bank at a premium of $3\frac{3}{4}$ per cent., just two weeks before the bond calls, which had been suspended for fifteen months, were suddenly renewed in December, 1885. The premium, as he correctly states, began to fall as soon as the calls were recommenced, and has now fully disappeared. It is, of course, certain that no such premium as $3\frac{3}{4}$ could have been obtained in this market on the 3s in December, 1885, if the resumption of the bond calls had not been an entirely unexpected event.

During the nine months ending with last September, the British export of silver to India was in gold value, £3,960,076, or at the rate of £5,280,101 per annum. At the coining rate of silver at our mints, the British export of silver to India for the nine months was \$26,400,443, or at the annual rate of \$35,200,591.

During the nine months ending with last September, the total British import of silver was £5,627,863, which was a decline of £1,570,814, as compared with the corresponding months of 1885. In the British import of silver from the United States, the decline was £909,904, which is principally accounted for by the fact that our mints have taken a greater quantity of silver in 1886 than in 1885, by reason of the fall in its price.

Of the expected production of 1,400,000 tons of steel rails by American mills in 1886, the *Railway Age* estimates that only six or seven hundred thousand tons will be employed in the construction of new roads, and that the remainder will be substituted for iron rails on the old roads. The same authority estimates that this substitution of steel for iron rails is still to be made on 62,000 miles of the old roads, and will require three and one-half million tons. It is clear that when the substitution of steel for iron is finally completed in this and other countries, the demand for steel rails must considerably decline, unless there is a much greater amount of new railroad construction than there is any good reason to anticipate.

We find the *Montreal Journal of Commerce* of Oct. 15, a statement of the prices of wheat at twenty-four interior places, presumably railroad stations, in Manitoba. The range is from 54 to 59 cents, which doubtless yields a considerable profit above the cost of production, if we do not include as a part of the cost the sapping of the virgin fertility of the soil. It is probable that Manitoba has a depth of soil which will bear this sort of destructive agriculture for a good while.

The prices in the future of the exports of Manitoba and of the Canadian North-western Territory, would be much improved if the navigation of the Hudson bay proves to be practicable, but the feeling in Canada seems at present not to be hopeful on that subject. A railroad running to Hudson's bay has been actually commenced, but the first report, that the capital was to be furnished from London, was misleading. It turns out that the London syndicate would do nothing until the Provincial Government of Manitoba would first finish forty miles of the road and make them a present of it. The commencement of the enterprise under such circumstances does not imply much confidence in it on the part of individuals in London, or anywhere else. Nor does the embarking in it of the Manitoba Government imply much confidence in it. It is not money that Manitoba contributes, but bonds, and all the British colonies and dependencies seem to vie with each other in plunging into public debts. They follow in this particular the precedents of the mother country, and the teachings of British

financial writers, whose *role* is to formulate for mankind such doctrines in political economy as suit the interests of the classes in England upon whose patronage they depend.

On the basis of the sales of the Government 4s and 4½s during September, at the N. Y. Stock Exchange, the Government Actuary shows that the annual return to the purchasers on the prices paid will be 2¼ per cent. on the 4½s and 2⅓ per cent. on the 4s. The lowest income is from the shorter bonds, but the income from both classes of bonds seems very small in comparison with what was obtainable upon such securities ten and twenty years ago. The recent, and to some extent, still continuing scarcity of money, appears to have been confined to banking and commercial circles. It has not in any appreciable degree affected the rate of interest upon mortgage loans, or the prices of first-class permanent securities. With the Government 3s and 4½s paid off, the remaining \$738,000,000, of 4s will sell at prices which will not yield more than 2 per cent. income to the purchasers.

Mulhall, the British statistician, has collected figures from which he computes the annual increase of wealth in the world at \$2,450,000,000, divided among the different nations as follows:

United States.....	\$825,000,000.
France.....	375,000,000.
Great Britain.....	325,000,000.
Germany.....	200,000,000.
Other countries.....	725,000,000.

Such computations are likely to be more nearly correct as to the relative increase of wealth in different nations, than as to the absolute amounts of such increase. As will be seen, Mulhall assigns to this country slightly more than one-third of the total increase of the wealth of the world. If there is any approximation to accuracy in his computations, it cannot be long before all really sound American securities will be held at home, and it will be only a little longer when New York and Boston will compete with London and Amsterdam in the purchase of foreign securities.

The *Montreal Shareholder* of Oct. 22 says:

The prospect of the comparatively early wiping out altogether of the United States National debt may probably help a good deal to account for the recent greater demand for choice railway securities.

The *Shareholder* says further that the rapid reduction of the debt of our civil war is "the most astonishing episode in all financial history," and that the prospect of its early complete liquidation is compelling capitalists to "look ahead for some new channels in which to invest." Without doubt, the payment of our debt will

carry all existing sound securities to higher prices. It will also, by facilitating the negotiation of similar securities to be hereafter created, sustain further railroad construction and other enterprises. The capital repaid to those who have loaned money to the Government, must of necessity immediately reappear in other forms.

The custom house returns for September show an excess of imports over exports of merchandise of \$1,284,174. The imports of coin and bullion exceeded the exports \$3,656,573, thus making an aggregate excess of imports amounting to \$4,920,748. But during the nine months ending with September, the balance of trade in favor of the United States, including merchandise, coin and bullion, was \$20,615,070, which is certainly not enough to meet our foreign interest account, to say nothing of the expenditures of American travelers in Europe and the freight money paid to foreign ships. The smallness of our favorable balance of trade during 1886, is looked upon in some quarters as evidence that we have been selling more of our securities abroad than we have been purchasing but it is by no means decisive evidence. The quantity of capital brought into this country by immigrants can never be exactly known, but it is large, and so is the foreign investment in our lands and in both mining and manufactures.

The foreign steamships which do so large a share of the freighting business between this country and Europe, are well-known to have been doing it for some time past, if not upon the whole, at a loss, certainly without making any money. In other words, we are getting our merchandise carried to and from Europe much cheaper than we can do it ourselves. Our people find it at present, and until circumstances change, more for their interest to devote their capital to the development of their internal natural resources, and it is difficult to conceive upon what grounds anybody can object to this. The sentimentality of having American goods carried under the American flag, although a favorite one with newspaper scribblers, will affect nobody but very weak-minded persons. What American agriculturists want is to have their wheat and cotton transported to Liverpool at the cheapest rates, since it is only in that way they can compete with those who produce these articles elsewhere. If the British, German and French flags are glorified by floating over cargoes carried at starvation rates, so be it. That is a sort of glory which we can indulge in when we get richer. In the meantime, our people are not at all concerned about their ability to cause the American flag to be respected on the land and on the sea.

The London *Quarterly Review* of last July said:

Ship-building died out in America, because the Americans devoted

the whole of their energy and their capital to the construction of new railways, leaving to England the profitless business of developing the ocean-carrying trade. That business, vast as its proportions are, is, financially speaking, not worth the having. Every shareholder in transatlantic steamship lines knows, to his cost, that for years managers have been doing little more than flinging money into the sea.

Undoubtedly, it is a matter of National concern that ship-building and navigation should not be "lost arts" in this country. That misfortune is sufficiently averted by the monopoly of the transportation between our own ports, which we wisely secure to our own vessels, and by refusing an American registry to foreign built ships. The time may come when it will be wise to stimulate the building and running of ocean steamers in our foreign trade by the revival of the discriminating tonnage duties which were given up more than half a century ago. But the producers of exportable agricultural staples would not now agree to that, and it must be postponed to a more convenient season.

Mr. Seymour, the American Consul at Canton, in a recent report to the State Department, discusses at large the effects in China of the change in the relative valuation of gold and silver within the past ten years. They do not seem to differ in any respect from the effects of the same fact in British India, and there is no reason why they should, inasmuch as the actual monetary standard is the same in both countries, being silver at its bullion value. Mr. Seymour says that the purchasing value of silver is not yet affected in China any more than it is in India, while at the same time the large premium obtainable on gold drafts is stimulating the exports of Chinese staples to gold currency countries. It also seems to have the effect in China, as it does in India, of crippling imports of manufactures from Western Europe and the United States, inasmuch as they must be sold for a currency which cannot be converted into gold except at a large discount. Of course this must stimulate home industries just as it does in India, and Mr. Seymour says that "the Chinese throughout the Empire seem to be increasing their manufactures," and especially in the weaving of cotton cloth. Labor is as cheap in China as it is in India, and, effectiveness considered, probably cheaper, and there is no reason why China, now that it has entered upon the business of erecting cotton mills with European machinery, should not achieve as brilliant a success as that already reached in India. All this portends the ultimate loss to England of Eastern Asia as a market for cotton goods, which would be fatal to the existing British supremacy in that great line of manufactures.

Aside from the injury to the export trade to Asia from England

and the whole of Western Europe, arising from the change in the relative valuation of gold and silver, the numerous and large London banks, doing business in India and China, and with their assets consisting of securities payable in silver, while their dividends must be paid in gold, find their profits reduced, and are constantly in dread of a large final loss on their capital itself.

Taking the whole case together, the reasons pressing upon British statesmen to bring about, if they can, a restoration of the old relation of the monetary metals, are very strong. The difficulties in the way are also very considerable, and, if they can be surmounted at all, it is not likely to be done except after protracted discussions.

The number of miles of finished railway in India at the end of 1885 was 12,376, as compared with 3,373 miles at the end of 1865. New lines are under construction, and existing lines are being extended. Excluding Alaska, this country has only twice the area of India, but has a railroad mileage ten times greater. The average cost of the India roads down to the present time has been \$63,965, but the cost of the recently-constructed mileage has been considerably less. The original plan of building them was to guarantee to English companies 5 per cent. annual dividends on their outlay, and one-half of all which might be earned in excess of 5 per cent., which was a manifest incentive to the companies to make their expenditures large. But taking the roads as a whole, they paid last year 5.84 per cent. upon their total cost, and this rate of income seems more likely to rise than to fall in the future.

A letter to the London *Economist* from New Zealand, under date of September 12, says that the number of frozen carcasses of mutton shipped during this year to England will exceed 700,000, and might easily reach one million, with such a reduction in freights as it is supposed that the steamships could afford to make. But the letter states that the shipments cannot be made profitable at a lower price than 5d., or ten cents per pound in London, while it is doubtful if such a price can be maintained against the rapidly-increasing competition of the Argentine Confederation, or against the competition which may possibly be encountered from the United States and Canada.

The English exult greatly over the reduction they have made in recent years of their holdings of Russian Government stocks. Of the fact of the reduction there is no doubt. The income tax returns show that, whereas the Russian Government dividends were assessed for that tax in 1876-7 at £2,360,872, they were assessed in 1883-4 at only £774,057, which implies a decrease of British holdings of

the Russian debt from £47,217,000 to £14,881,000. Since 1883-4, the London *Economist* says that England "has sold Russian bonds almost constantly," and now "holds next to none." The buyers have been exclusively the Germans, who have thereby acquired an enormous interest in the fortunes of the Czar, and it is an interest of a nature to restrain Germany from entering into any hostile combination against Russia.

A city contemporary predicts that during this winter "desperate efforts for unlimited silver coinage" will be made in Congress. This opinion is not, so far as we can ascertain, entertained in any other quarter. The votes in the House in April last were so decisive against either increasing or stopping the present silver coinage that the whole question is regarded as postponed until the assembling of the next Congress, which, in the regular course of things, will not occur until December, 1885. The only contingency which can bring the matter up this winter is an agreement upon some compromise, of which there are as yet no visible signs.

In an article recently quoted by the *Stockholder* from a leading financial London journal, it is said—

Here, the mere idea that the rate of interest upon the National debt might be reduced, suffices to cause a demand for debenture stocks, which put them up from five to ten per cent. With the gradual withdrawal and cancelment of all the United States debt, a further steady rise in the price of the very choicest American railway bonds appears to be inevitable.

The truth plainly is, that as public debts are paid off, there will tend to be a rise, not merely in the "very choicest" railway bonds, but in those which have a real and sound value, even if they do not enjoy the reputation of being the best things of the kind in the market. Nor will the tendency to rise be limited to railways, but it will affect the price of all securities and properties which yield an annual income.

Some persons adopt the views that a serious war in Europe, involving the Great Powers, would increase the demand for and raise the prices of American securities, as the safest things to hold in such contingency. Another view, quite as likely to prove correct, is, that the pressure for money, which would be the first effect of a great war on the other side of the Atlantic, would compel holders of stocks to sell American securities, which would then be the most available, so as to avoid the necessity of disposing of European securities, which could not be accomplished on any scale without completely breaking down the market for them. The London *Statist* of October 16 observes on this point :

Bankers and others forced to sell, and finding that their Russian

and similar securities were not very salable, would undoubtedly, on a crisis occurring, endeavor to sell those securities which were most remote from the area of disturbance.

It is the opinion of the *Statist* that the amount of American securities held in Europe is so very great that they would fall heavily in the event of any considerable selling by European holders. It is undoubtedly one of the serious disadvantages of the foreign holding of our securities that they must be affected by political movements over which we have no control, and by wars and revolutionary disturbances with which we have no direct or necessary connection. The people of this country look forward to the day when no American securities will be held abroad, and this is one of the reasons which cause them to desire that our National debt should be completely paid off as soon as possible. With that accomplished, there would be such a demand in this market for sound American securities of every kind, that they would all return here and all remain here by the irresistible gravitation of commanding better prices in this country than in any other.

In the first four months (ending October 31) of the current fiscal year the net reduction of the National debt was \$34,788,435. During the same four months the aggregate National revenue was \$127,844,337, as compared with \$113,675,485 during the corresponding months of the last fiscal year, showing an increase of \$14,168,892. This increase is attributable to the enormous and abnormal importations which have been in progress, and which cannot be continued much longer without causing exportations of gold. The money valuation of our exported staples has been falling off for a considerable time, not from a diminution of quantities, but from low prices. It will be a great mistake to assume that the revenues can long remain at their present exaggerated figures, and to proceed upon that assumption, either to launch out into unusual expenditures, or to reduce revenues. There is no occasion for haste. The outstanding debt, subject to call, will absorb, until the assembling of the next Congress, all the money which is regarded by the Treasury officials as in excess of what ought to be retained to meet immediate liabilities and to uphold the coin convertibility of the greenback. All the probabilities point to the conclusion that the present tide of importations will before long begin to ebb, and, at any rate, we shall know better a year hence than we do now what the permanent average of our custom-house receipts is likely to be.

During the first four months (ending July 31) of the current Indian fiscal year the exports of wheat from India were 10,622,272 cwt., or 19,828,241 bushels, 60 pounds to the bushel. During the corresponding months of the last fiscal year, they were 7,600,407

cwts., or 14,187,427 bushels. It is not certain that Indian wheat exports will hold up during the whole of the current fiscal year at the rate shown during the first third of it. There is wheat enough in India to maintain a much larger export, but prices in the European markets are discouraging. The officially reported sales in England during the last week in October were stated in our currency, about ninety-six (96) cents per bushel, although showing some tendency to rise.

The London *Economist* says that during the first ten months of 1886 the English succeeded in making loans to the governments and municipalities of the British colonies to the extent of 14½ millions sterling, not including their participation in a loan of six millions sterling to India. Of foreign government loans they secured 15¼ millions sterling, principally to Brazil and the Argentine Confederation, while of foreign railway loans they secured more than ten millions, principally in South America. The English fully maintain their rank as the great money lenders of the world, and they devote their energies mainly to that branch of business, which seems at the present time the only thing in which they are making any profits. What they lend is nominally money, but is really furnished in the form of manufactured goods, so that they get in one and the same transaction a market for the production of their industries and interest on their capital.

A city paper (*Tribune*, of Nov. 11), publishes under the heading of "Misery Caused by Falling Prices," a dispatch from J. P. Gill, an Irish member of the British House of Commons, giving an account of the effects of a recent sudden fall of about one-third in the prices obtainable for barley in the County of Cork. Mr. Gill seems to think that the landlords cannot resist the demand for a reduction of rents, somewhat in proportion to the fall in the prices of what the Irish farmers have to sell, and especially now when the Tory Administration of Great Britain substantially refuses to aid landlords in evicting tenants, unless first satisfied that they have the means of paying their rents in full.

An English investigator reports that as compared with the average range of prices during the four years ending with 1884, the present prices of Irish agricultural products, exclusive of hay and potatoes, present prices show an aggregate fall of £13,500,000, or about \$57,000,000, principally in animals, meats, butter, and cheese.

We have from the first characterized Mr. Gladstone's Land Purchase scheme as the most astounding piece of spoliation ever attempted in any age or country. It was nothing less than to give

to the owners and London mortgagees of Irish estates, a price in British consols, predicated upon the (so-called) judicial rents, fixed before the existing depression of prices. The proportions of the spoliation, which was undisguised, were more rather than less than five hundred millions of dollars. The only possible question in the case was, upon whom the spoliation would finally fall, whether upon Ireland, or upon the British tax-payers. The latter came very unanimously to the conclusion that they were to be the victims, and they governed their votes accordingly in last summer's election, which threw Mr. Gladstone out of power.

The gross outstanding National bank circulation, and the net circulation at various dates, will appear from the following table:

<i>Date.</i>	<i>Notes Out- standing.</i>	<i>Lawful Money Deposited.</i>	<i>Net Circula- tion.</i>
November 1, 1882....	\$362,727,747	.. \$38,423,404	.. \$324,304,343
November 1, 1883....	352,013,787	.. 35,993,461	.. 316,020,326
November 1, 1884....	333,559,813	.. 41,710,163	.. 291,849,650
November 1, 1885....	315,847,168	.. 39,542,979	.. 276,304,189
April 1, 1886.....	313,949,776	.. 56,442,816	.. 257,506,960
November 13, 1886....	300,349,386	.. 83,921,638	.. 216,427,748

On the figures above given, some persons would treat the diminution of \$62,278,361 in the amount of outstanding bank notes, as the measure of the contraction of that species of currency. Others would regard the diminution of \$107,876,595 in net circulation as the more correct measure of the contraction of bank notes, and it certainly would be if any new money had been brought into the Treasury and deposited for their redemption. In fact, scarcely any money has been handled in these deposits, which are almost wholly merely book credits for called bonds.

The average price of the 4s of the New York Exchange during October was 128.50, and of the 4½s 111.43, the purchasers paying the accrued interest in addition. At these prices, the 4s yield to an investor an annual interest of only 2.29 per cent., and the 4½s only 2 per cent. At the average prices in September, the 4s paid an investor 2.40 per cent., and the 4½s paid 2.20 per cent. Government bonds are thus rising in price, and do not seem to be at all affected by the higher rates for money on commercial paper and in Wall street call loans.

SEVENTH ANNUAL REPORT OF PUBLIC EXAMINER KNOX, OF MINNESOTA.

The seventh (second biennial) Report of the Public Examiner of the State of Minnesota is a solid volume of some 230 pages filled with facts and figures about the moneyed institutions of that prosperous young State.

This office, so far as we know, is peculiar to Minnesota. Its inception was caused for the purpose of unifying and bringing out of chaos the mode of accounting in the State and county treasuries, of which there are eighty, and for the prevention of defalcations, which had become prevalent, by a rigid system of supervision.

To this work, great in itself, has been added the superintendence of the finances of the public penal, educational and charitable institutions founded by the State, and also the examination of the chartered banks, saving associations and trust companies, fifty-six in number.

The Report is a very readable volume. The writer is evidently an enthusiast in his work, and his style is direct and business-like, with none of the *ore rotundo* of many official reports. He deals in a resolute, determined way with the absurdities of legislation, and the crude methods of officers whom political intrigue foists into positions of trust. A quiet vein of humor crops out at intervals, and allures one on through the mazes of statistics and statutory references and quotations.

The appendix is fully furnished with statistical tables, showing the transactions of the various treasuries and institutions, and full reports of the condition of the moneyed corporations for the two years.

There is also added the banking laws of the State, and forms for organization, and the text of the act instituting and regulating the Examiner's office. If we lived in Minnesota we don't see how we could keep house without this report, and it is a wonder how other States get on without an officer of this kind. Possibly the revelation made by a clear analysis of the funds raised by taxation, and the knowledge as to how these trust funds are handled and disbursed would not be pleasant reading, but we are sure that it would be healthful in its influence and results.

We can touch but lightly upon the statistics with which this volume abounds.

The Examiner shows that some three millions of dollars have passed through the State Treasury during the past year, and gives

the special sources from which the State's income is derived, and exactly how every dollar of it has been expended.

About \$720,000 have been used by the eleven public institutions, and the examinations reveal the amount of consumption and average cost of all the principal articles of purchase, and the time and cost of service of all officers and employees. The Examiner criticises the payment of \$2,000 per annum to prison convicts for tobacco and its classification as "subsistence," and thinks that it should be considered as a luxury, and be paid for out of the "good-conduct" money earned. He has no doubt that then the amount of its consumption would be largely decreased, which result, if the effect of the narcotic on the human system has been correctly diagnosed, will not prove to be an unmixed evil.

The division of the Report devoted to the county finances is exceedingly full and valuable. The receipts of the eighty treasurers amounted during the last year to \$9,156,000, of which sum \$7,362,000 was raised by taxation. Nearly \$2,500,000 was disbursed for the support of the common schools of the State.

Exhaustive tables show just where every penny of the money came from and for what it was disbursed in each county, and of what exactly the balance of \$2,300,000 consists, and where it is deposited or in what securities it is held.

The resources of the corporate moneyed institutions of the State are shown at a glance as follows:

41 State Banks.....	\$16,581,225.00
7 Savings Associations.....	3,935,558.00
2 Trust Companies....	1,093,078.00
Total.....	<u>21,609,861.00</u>

The capital (paid in) and surplus of these institutions amount to \$5,810,457.00, the deposits to \$15,126,130.00, and the loans to \$15,791,588.00.

A separate chapter gives the combined statistics of all the banks of the State, including the 51 National and 130 private banks. These 237 banks have a cash capital of \$20,149,100.00, a surplus fund of \$3,195,836.00, and the 101 corporate banks have individual deposits amounting to \$34,992,873.00, and loans and discounts amounting to \$46,406,270.00.

The simple growth in these items since the last report is as follows:

In number of banks.....	21
" capital and surplus.....	\$4,740,693.00
" ind. deposits.....	7,652,924.00
" loans and discounts.....	8,564,724.00

The marvelous growth of this North Star State is nowhere more

concisely told than in the closing chapter, in which it is made the basis for a vigorous plea for an addition to the working force of the Examiner's office.

The taxable valuation of the State has increased from \$29,832,719.00 in 1862 to \$229,791,042 in 1878 (when the office was established), and to \$399,729,766.00 in 1885.

The State banks have increased in number in eight years from 13 to 47, and their resources from less than \$3,000,000, to nearly \$14,000,000, and in all other departments accordingly.

The funds passing through the examined institutions have increased from ten and a half to thirty-four and a half million dollars, or the *increase* only is equal to two and half times the whole sum represented by cash eight years ago.

The chapter on "reserve," "loans upon mortgage," "the taxation of banks," "loans upon produce in transit and in store," are interesting as indicatory of the nature of legislation needed to cure imperfect laws.

The Examiner gives a list of 116 unincorporate (private) banks with corporate names, and comments vigorously upon similar abuses under the head of "mixed laws and mixed banks" in his department relating to the savings banks and trust companies.

But nowhere does he use more telling blows at vicious laws and political methods than when exposing the faulty and absurd accounting which prevails in the State and County Treasurer's offices, in narrating personal experience in his personal visitations to the county seats, and in regard to malfeasances involving the fraudulent discharge of taxes, misappropriation of funds, and "the cheerful spirit of accommodation" by which the treasurer's personal friends are made the preferred creditors of the funds entrusted to his care.

He shows indubitably that nine million of dollars are annually handled by the County Treasurers without check, and that all the laws (made by the very officers whom they attempt to control), are singularly "consistent in their inconsistency," by proceeding upon the assumption that a check can be established without the concurrence of two persons. This "no check" plan is vividly illustrated by chapters from personal experience, and the whole subject brought to a practical issue by a simple amendment to the laws making the Treasurer's co-ordinate officer, the County Auditor, the County Book-keeper within Webster's definition, as he now is only in name.



THE RELATIONS BETWEEN BANKS AND THEIR DEPOSITORS *

CERTIFICATES OF DEPOSIT.

Banks frequently give certificates of deposit to persons who leave money with them. "When they do this," says Judge Learned, "and when they make the certificate payable on its return, properly endorsed, they have then added to their original undertaking as a depository, an agreement that they will pay the deposit to the holder of that certificate properly endorsed. It follows, therefore, that they are liable to a *bona fide* holder of the certificates, notwithstanding a payment to the original depositor." (*National Bank v. Washington, etc., Bank*, 5 Hun., 605.)

The best mode of describing a certificate is perhaps to give the form of one. The following certificate of deposit, which occasioned litigation in Massachusetts, is more generally used than any other: "The Pacific National Bank of Boston, Mass., \$1,000, Boston, May 18, 1881. This certifies that Wm. H. Nichols has deposited in this bank one thousand dollars, payable to the order of himself on return of this certificate properly endorsed. J. M. Pettingill, Cashier. No. 1807." Many variations of this form occur. These consist chiefly in adding words relating to interest, and also to the time when the deposit is to be paid, instead of payment on demand. In one case the question was whether the following instrument, given by a firm of brokers who received deposits on demand, was a certificate: "Due A. Ashton, Trustee, \$4,000, returnable on demand. It is understood that this sum is specially deposited with us and is distinct from the other transactions with said Ashton." This instrument was regarded a certificate of deposit. (*Smiley v. Fry*, 49 N. Y. Sup. Ct., 134.) In another case, L., on making a deposit with a banker, was handed the following instrument: "Received from L. sixteen hundred dollars on deposit, in national currency." When L. sued to recover his money, more than six years after depositing it, the banker defended, on the ground that the instrument was not a certificate of deposit or contract in writing, and consequently that the suit was barred by the statute of limitations. But the Court thought otherwise. Judge Elliott said that the instrument was a written contract which was to be given legal effect, and to do this the Court must consider it as embodying all the legal obligations to be implied from its language. These were a part of the written contract. The law imported into it did not create an independent agreement, but made the instrument express the full

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agreement of the parties. "All the words found in a contract are to have a meaning attributed to them, and are not to be thrust aside. We cannot, therefore, disregard the words herein, 'on deposit in national currency.' We know that the words 'national currency' denote money, and we know, therefore, that those words, taken in connection with the words 'on deposit,' mean that the defendant had received a deposit in money from the plaintiff. We know, also, that the law, as a factor, is an essential part of the contract, and it seems very plain to us that the express agreement of the parties, considered in conjunction with this factor, imports a contract to repay the deposit on demand. Suppose the defendant had attempted to show by parol that he was not to repay the money, would not that attempt have been defeated by the proposition that such a contract cannot be varied by parol evidence? Of this there can be no doubt. If the defendant had inserted in the contract the words 'we promise to pay back the depositor his money,' the legal force and effect of the contract would not have been increased, for the law implies that this return was intended." (*Lang v. Strauss*, 7 Northeastern Rep. 764, Sup. Ct. of Indiana.)

Is a certificate of deposit merely a receipt for money, or a promissory note? Judge Colburn, of Massachusetts, recently said that a certificate, similar to the one described, is not merely a promise to pay a certain sum, but it declares that a certain fund has been deposited which is payable to the depositor, or his order, on the return of the certificate properly endorsed. A promissory note, payable on demand, is due as soon as it is given; an action may be brought upon it immediately without demand, and the statute of limitations begins to run against it from its date. (*Field v. Nickerson*, 13 Mass., 131; *Newman v. Kettelle*, 13, Pick., 418; *Burnham v. Allen*, 1 Gray, 496.) A certificate of deposit is not due until a demand is made and the certificate returned or tendered. (*Bellows Falls Bank v. Rutland County Bank*, 40 Vt., 377; *Munger v. Albany City Bank*, 85 N. Y., 580.) Such certificates are issued with the design that they shall be used as money, and taken with as much confidence as the bills of the bank, and to avoid the risk and inconvenience of keeping, carrying and counting sums of money, and are so regarded in mercantile affairs." (*Merchants' Bank v. State Bank*, 10 Wall., 604.) Finally the Judge added, "Such certificates are not commonly known in the community as promissory notes." (*Shute v. Pacific National Bank*, 141 Mass., p. 488.) In Pennsylvania the same view has long been maintained.

On the other hand, Chief Justice Ryan, of the Supreme Court of Wisconsin, after quoting Story's definition of a promissory note, says, "The ordinary form of a certificate of deposit of money falls precisely within the definition, and it seems strange that there ever was a doubt that it was in law a negotiable promissory note.

(*O'Neill v. Bradford*, 1 Pin., 390, and cases there cited.) Such doubt, however, may now be considered at rest." (To sustain this position there was cited *Kilgore v. Bulkley*, 14 Conn., 362; *Bank v. Merrill*, 2 Hill., 295; *Miller v. Austen*, 13 How., 218; *Klauber v. Biggerstaff*, 47 Wisc., p. 555.) The Supreme Courts of Michigan,* Minnesota, Iowa, North Carolina, Georgia and Vermont, and other States, maintain this view.

The opinion of the New York Court of Appeals may be briefly reviewed. An action was brought on the certificate of a Savings bank to recover a sum of money payable to the order of the plaintiff in current bank notes on the return of the certificate with interest, and indorsed by the defendant. It was conceded that unless the instrument was in the nature of commercial paper negotiable by indorsement, that the plaintiff could not maintain his action against the indorser. "It is laid down in *Parsons on Bills*," said Judge Miller, "that a certificate of deposit in the usual form possesses all the requisites of a negotiable promissory note, and that such is the prevailing opinion. In *Miller v. Austen* (13 How., U. S., 218, 228) this very question was distinctly presented, and the same principle was upheld. Catron J., who delivered the opinion of the Court, says, 'The established doctrine is that a promise to deliver or to be accountable for so much money is a good bill or note. * * Every reason exists why the indorser of this paper should be held responsible to his indorsees that can prevail in cases where the paper indorsed is in the ordinary form of a promissory note. * * Every reason exists why the indorser of this paper should be held responsible to his indorsees that can prevail in cases where the paper indorsed is in the ordinary form of a promissory note, and as such note, the State Courts have generally treated certificates of deposit payable to order, and the principle adopted by the State Courts in coming to this conclusion is fully maintained by the writers of treatises on bills and notes.'

"In this State we are not without authority upon the subject, and in *Bank of Orleans v. Merrill* (2 Hill, 295) where the action was upon a certificate of deposit, it was said that the instrument in question was in effect a promissory note. . . In *Barnes v. Ontario* the action was brought to recover the amount of a certificate of deposit, and it was held that a *bona fide* holder could recover against the bank, although the Cashier had put it in circulation with the fraudulent design of diverting the funds of the bank, and that the indorser was also liable upon said certificate. In the opinion by Comstock J. it was said in reference to an instrument

* *Tripp v. Curtsenius*, 36 Mich., 494; *Cote v. Patterson*, 25 Mich., 191; *National State Bank v. Ringel*, 51 Ind., 393; *Drake v. Markle*, 21 Ind., 433; *Gregg v. Union, etc., Bank*, 87 Ind., 238; *Corey v. McGougald*, 7 Ga., 84; *Lowe v. Murphy*, 9 Ib., 238; *Tulladega Ins. Co. v. Woodward*, 44 Ala., 287.

of this kind: 'A certificate is a promissory note.' And in the opinion of Allen J., 'The certificate was a negotiable instrument.' This case is directly in point, and, I think, settles the question in this State." (*Pardee v. Fish*, 60 N. Y., p. 268.)

Although in New York a certificate is regarded as a promissory note, in two cases the certificates given to depositors were declared to be simply an acknowledgment of money. In the first, the certificate was of the same force and effect as a receipt for money. The word "certify" added no additional force to the instrument, as purporting a contract." Consequently, when H. paid to the defendants, who were bankers, the amount of certain notes held by them, which were guaranteed by him for the purpose of taking up the same; and as a voucher of the transaction, they delivered to him a certificate of deposit for the amount, it was held in an action for converting them—they having been left with them by H. for collection—that the referee who tried the case was justified in finding that the certificate was a voucher, and that the plaintiff had paid the money for the notes. (*Hotchkiss v. Mosher*, 48 N. Y., 478.)

Coleman's case on this point is more instructive. He handed a sum of money to the Teller of a bank over its counter, stating that he desired to leave it on deposit with the bank. The teller gave him a certificate, which was in form an acknowledgment that C. had deposited the money with Van C., and contained a personal obligation on the part of the latter to repay the amount. Van C. was the bank's President, the certificate was signed by him, and not in his official capacity. The bank was not named in the certificate, and there was nothing on its face indicating that the money was deposited with the bank, or that any obligation was assumed in regard to it. C. did not read the certificate when he received it. In an action to recover the amount of the deposit, it was held that C. was not precluded by the certificate; that the doctrine of constructive notice of its contents from the fact of possession did not apply, and that it was a question of fact for the jury whether the deposit was made with the bank or with Van C. (*Coleman v. First National Bank of Elmira*, 53 N. Y., 388; *West v. First National Bank of Elmira*, 20 Hun., 408.) In delivering the opinion of the Court, Judge Andrews said: "If the plaintiff had examined the certificate he would have been apprised of the fact that it purported to be the individual obligation of Van Campen. But he did not do so. He had a right to suppose that it was the proper acknowledgment of the bank with which the money was deposited. The doctrine of constructive notice, from the possession of the certificate, would be misapplied if, in this case, it should be held to exempt the bank from liability."

That justice was wrought in these cases, no one will question; but wherever a certificate is regarded as a promissory note, how can such evidence be admitted without violating the general rule that

parol evidence is inadmissible to explain, vary or contradict the terms of the written contract? We think the Supreme Court of Indiana has been more consistent in holding that a certificate of deposit is a contract, and that no parol evidence of a previous or concurrent agreement is admissible to contradict or vary the legal effect of the certificate. (*Rich v. Dessar*, 50 Ind., 309.)

If, however, the deposit is made with the officer of a company, and not with the company itself, the depositor cannot recover against the latter. Thus, when M. deposited with the agent of a banking association four hundred and thirty dollars in tickets, subject to him only, and on the return of the certificate the association was not liable. (*Lake v. Munford*, 12 Miss., 312.)

In the orderly unfolding of the subject, we may next inquire whether a certificate of deposit is negotiable in the usual manner by indorsement? Yes, if having the negotiable words usually found in instruments of that nature. Of these requirements one is that the promise to pay shall be money. Many certificates, however, are not expressed in that way, but "in current funds," and in such cases the question is, are the words an equivalent expression? They are declared to be in New York. In *Pardee v. Fish* (60 N. Y.), it is urged that the certificate was not negotiable, because it was payable in current bank notes instead of money. But Judge Miller said: "The authorities in this State, I think, are adverse to this position. In *Keith v. Jones* (9 Johns., 120) the note upon which the action was brought was declared to be payable in "New York State bills or specie," and it was said that it is the same thing as being made payable in lawful current money of the State, for the bills mentioned mean bank paper, which is here, in conformity with common usages and common understanding 'regarded as cash.' In *Judah v. Harris* (19 Johns., 144) a promissory note, payable 'in bank notes current in the city of New York,' was held to be a negotiable note within the statute. It is said that these decisions were placed upon the ground that the Court could take judicial notice that such bills are equivalent to 'specie. The same rule may well apply here, as 'current bank notes' are notes or bills used in general circulation as money, and constituted the general currency of the country, recognized by law at the time and place where payment was to be made and demanded. These notes, which were in circulation when the certificate was given and payment demanded, were almost of one kind and authorized by the Government as currency. They thus being lawful money of the United States, the Court was bound to take judicial notice of that fact."*

The word "currency" will suffice in Wisconsin (*Klauber v. Biggerstaff*, 47 Wis., 551), though it would not formerly (*Ford v.*

* The cases of *Lieber v. Goodrich*, 5 Cowen 186, and *Thompson v. Sloan*, 27 Wend. 77, were declared to be not in conflict with *Heath v. Jones*, and *Judah v. Harris*.

Mitchell, 15 Wis., 305; *Platt v. Bank*, 17 *Ib.*, 223; *Lindsey v. McClelland*, 18 *Ib.*, 481), and also in Indiana (*Drake v. Markle*, 21 Ind., 433. But if the depositor is to be paid "in current funds," the certificate is not negotiable in Indiana (*National State Bank v. Renigel*, 51 Ind., 393; *Cromwell v. Pumphrey*, 9 *Ib.*, 135), nor in North Carolina (*Johnson v. Henderson*, 76 N. Car., 227); nor in Pennsylvania (*McCormick v. Trotter*, 10 Serg. & Rowle, 94; *Wharton v. Morris*, 1 Dallas, 124; *Simpson v. Meneden*, 3 Cold., 429.)

While a certificate thus payable is not negotiable in Indiana, like an inland bill of exchange, it is assignable there. One result flowing from this principle in that State is, that the payee can recover the amount when the certificate is stolen, on adequate proof of the theft, without giving the bank a bond of indemnity against a subsequent claim by another person. (*National State Bank v. Ringel*, 51 Ind., 393.)

When the question was first answered by the Courts whether certificates of deposit were promissory notes, it was asserted that they were used by some of the banks as currency—a thing forbidden by law. Thus a certificate which was given by a New York bank payable to a person six months after date, with interest, was considered a promissory note, and its issue was held to be illegal by the law of that State. (*Bank of Orleans v. Merrill*, 2 Hill., 295; *Smith v. Strong*, *Ib.*, 241; *Safford v. Wyckoff*, 1 Hill, 11); and also in Illinois (*Bank of Peru v. Farnsworth*, 18 Ill., 563); nor was their illegality cured by circulation among innocent holders (*Bank of Chillicothe v. Dodge*, 8 Barb., 233.) At a later period it was declared more broadly that certificates of deposit payable at a future day were promissory notes, and consequently could not be legally issued. (*Leavitt v. Palmer*, 3 N. Y., 19; *Southern Loan Co. v. Morris*, 2 Barr., 175; see *Craig v. State of Missouri*, 4 Peters, 433; *Ontario Bank v. Schemerhorn*, 10 Paige, 113.) Likewise certificates of deposit which were issued as loans, irredeemable within twenty years and bearing interest, were declared to be a violation of the issuer's charter, which forbade the issuing of notes or other evidences of debt upon loan or for circulation as money. (*New York Life Ins. Co. v. Beebe*, 7 N. Y., 364.) But the issue of negotiable certificates of deposit for large amounts payable with interest at a distant day, and in a foreign country, were not considered a violation of the statute forbidding the issue of certificates for circulation as money. It was said that "the large amount of each certificate, the distant day at which they were payable, the fact that they bore interest and were payable in foreign money and in a foreign country, would entirely prevent them filling the place of currency." (*Schemerhorn v. Talman*, 14 N. Y., 93; *Curtis v. Leavitt*, 17 Barb., 309.) Even when the "charter of a company prohibited it from issuing for circulation as money, * * certificates of deposit payable

to bearer," it was decided that the issuing of certificates of deposit, which were not intended to circulate as money, was not a violation of the instrument. (*Mumford v. American Life Ins. Trust Co.*, 4 N. Y., 463.)

Nor is the issue by a National bank of a certificate of deposit similar to that described a violation of the national statute, which forbids these institutions from issuing other notes to circulate as money beside those in general use. The Court said, "If the United States revised statutes forbade the issue of any other notes whatever than such as were therein authorized, it would be difficult to hold this certificate to be legal. (*Miller v. Austen*, 13 How., 218.) But, assuming that it might fall within the general designation of a note, it cannot be considered as a note intended to circulate as money within the meaning of the statute. It requires to be indorsed. It was understood not to be payable till a certain future date. It is not in a sense adopted for general circulation as money. The form of the instrument, and the incidents above mentioned, show that it was not intended to circulate as money between individuals and between Government and individuals, for the ordinary purposes of society." (Hunt appellant, 141 Mass., 515.) Nor is such a certificate a promissory note within the meaning of a statute of Massachusetts, which provides that an action by an indorsee against the promissor on a promissory note, payable on demand, any matter shall be deemed a legal defense which would be a defense to a suit thereon if brought by the promisee. Hence in such a case a bank cannot defend an action brought by the indorsee to recover the amount of the certificate by setting off a debt due to the bank from the original depositor. (*Shute v. Pacific Bank*, 136 Mass., 487.)

Nor is a certificate to the credit of the depositor payable on return thereof, properly indorsed "with interest 5 per cent. on demand, or 6 per cent. if not called for in one year," contrary to the statute, which declares that "no banking association or individual banker, as such, shall issue or put in circulation any bill or note of said association or individual banker, unless the same shall be made payable on demand, and without interest." (*Pelham v. Adams*, 17 Barb., 384.)

In many states a certificate is a continuing security, and no action can be maintained thereon, or the statute of limitations be put into operation against it until after making a demand for payment. (*Munger v. Albany etc., Bank.*, 85 N. Y., p. 587; *Payne v. Gardner*, 29 *Ib.*, 146; *Howell v. Adams* 68 *Ib.*, 314; *Broughton v. Flint*, 74 N. Y., 476; *Pardee v. Fish*, 60 N. Y., 265; *Bellows Falls Bank v. Rutland Bank*, 40 Vt., 377; *Brown v. McElroy*, 52 Ind., 404.) This is an exception to the rule concerning promissory notes payable on demand. (*Brown v. McElroy*, 52 Ind., 404; *Pardee v.*

Fish, 60 N. Y., 265.) A bank which was sued by the holder of a certificate of deposit defended on the ground that as the certificate was payable forthwith, and nothing had been heard therefrom for more than seven years, it was presumed to be dishonored, and that the assignee took it subject to all equities. But the Court thought otherwise. "The very existence of the instrument and the ordinary modes of business show that a certificate of deposit, like a deposit credited in a pass-book, is intended to represent moneys actually left with the bank for safe keeping, which are to be retained until the depositor actually demands them. Such a certificate is not dishonored until presented. (*National Bank of Fort Edward v. Washington County National Bank*, 5 Hun., 605.) But in Indiana, the indorsee of a bank's certificate of deposit not bearing interest, who received it more than six years after it had been paid and should have been surrendered, took it as dishonored paper and not as a continuing negotiable security, and could not enforce its second payment by the bank after such unreasonable delay. (*Gregg v. Union Co., N. B.*, 87 Ind., 238.) Such a certificate is to be regarded as a promissory note, and if negotiable, must be regarded as paper dishonored by lapse of time when it was negotiated. (*Ib.*)

An action on a certificate against the personal representatives of a deceased member of a firm and the surviving partner, in which the latter is not served and does not appear, is not a demand against him. (*Smiley v. Fry*, 49 N. Y., Sup. Ct. 134.) Nor is the rendering of a statement of account by a depositor to the depository in which the sum mentioned in the certificate is charged against it under the head of accepted charges sufficient evidence of a demand to set the statute running. (*Ib.*)

While the above rule with respect to the need of making a demand before beginning an action, or setting the statute of limitation in motion prevails widely, it does not prevail everywhere. Thus in Georgia, a bank certificate of deposit payable to the order of the depositor, but indicating no time of payment except as can be inferred from the words "interest at the rate of 7 per cent. on call, and 10 per cent. per annum," is payable on demand, and therefore due immediately, and consequently, *bona fide* holders are affected with the equities existing between persons having it prior to themselves. (*Meador v. Dollar Savings Bank*, 56 Ga., 605.) The same view is maintained in California (29 Cal., 503), and in Michigan. The Supreme Court in the latter State said: "In *Brummagin v. Tollant* (29 Cal., 503), it was held that the statute of limitations begins to run against a banker's certificate of deposit, payable on demand, from the date of the same, nor is a special demand necessary to put the statute in motion." . . . We think this is the safer and better doctrine, and is correct in principle. To hold such to be in

legal effect promissory notes payable on demand, and yet not apply the principles applicable to demand promissory notes, either because of the peculiar form of the instrument, or because issued by a firm engaged in the business of banking, would be to create a distinction unsound in principle and one not warranted by any reason or necessity that we can discover." (*Tripp v. Curlenius*, 36 Mich., 494.) But in a later case the Court said that if "the question were an open one" in that State, they should be inclined to think that such a certificate did not become due until payment was demanded, as the Courts in New York and Vermont had held. (*Birch v. Fisher*, 51 Mich., p. 39.)

Where certificates are negotiable when expressed in negotiable words, and their transfer is governed by the same rules which control promissory notes, the liability of the indorser is the same as the indorser of any other note. Hence, he is liable until actual demand is made, nor is the holder chargeable with neglect for omitting to make such a demand within any particular time. (*Pardee v. Fish*, 60 N. Y., 265.) This is in harmony with the principle which is applied to a promissory note payable on demand with interest, and indorsed, that it "is regarded as a continuing security; so that, on the one side, the maker is not deemed in default until the money is actually demanded, while on the other the holder may make the demand when he pleases, and is not chargeable with neglect if he does not make it within any particular time." (*Comstock, Ch. J., in Merritt v. Todd*, 23 N. Y., p. 28.) But there is another rule that the holder of such a note, if he wishes to charge the indorser, must make his demand of the maker without delay, or in the language of the law merchant, within a reasonable time. There is much conflict of authority on this question, but the rule first given is the most widely adopted. This rule was applied in the following case: A certificate dated May 11th was transferred to P., June 5th, the bank that gave it was adjudged a bankrupt on September 12th, and P. presented it for payment Dec. 21st. In an action against F. as indorser, it was held that if neglect to make a demand within a reasonable time was a defense, there was, under the circumstances, no such laches as would prevent a recovery. (*Pardee v. Fish*, 60 N. Y., 265.)

If the owner of a certificate should indorse it, and through lack of ordinary business caution, should pass it beyond his control, anyone who, within a reasonable time, might purchase it for value, and without notice of defects or equities, would be entitled to protection. The question of good faith in such a case is for the jury to decide. The lapse of thirty-one days from the date of a certificate of deposit does not raise the presumption that it is dishonored paper, even though it be due at its date. (*Birch v. Fisher*, 51 Mich., 36.)

In some places it is the custom of banks to regard certificates of deposit issued by them as payable without grace. This custom is valid, and though a certificate in one case was in fact negotiable and entitled to grace, the collecting bank was shielded by the custom in protecting it on the day of its maturity. (*Haddock v. Citizens National Bank*, 53 Iowa, 542.)

A certificate is payment only by clearly-established usage. When this does not exist, the taking of a certificate does not extinguish the debt for which it was given. A negotiated with B for a loan of \$2,000 to enable him to pay two mortgages on his farm to C. B was willing to loan the money on a first mortgage of the farm, and applied to a banker, who was owing him, for the money to pay A. The banker, not able to pay the whole at once, paid A \$1,000, and gave him a certificate of deposit for the remainder, payable when the mortgages above mentioned should be discharged. The banker failed, and his certificate became worthless. A then paid B the \$1,000 he had received from the banker, with interest, and tendered to him the banker's certificate of deposit for the other \$1,000, and desired a release of the mortgage he had given to him. B having refused to comply, A appealed to the Court, which decided that he did not receive the certificate of deposit as payment, and consequently that the loss thereon should be borne by B. The fact that B settled with the banker after the giving of this certificate and credited him with the amount, had no bearing on the question at whose risk was the certificate held, for the banker should, as between himself and B, have been credited with the amount while it was outstanding, no matter who was the holder. Nor did the fact that A attempted to get the money on the certificate before the time fixed for paying the last mortgage to C, tend to show that he had assumed the risk attending the keeping of the certificate. (*Burrows v. Bangs*, 34 Mich., 304.)

When can a bank, acting as a collecting agent, receive its own certificate of deposit in payment of a debt? The well-known rule is, that an agent, having a money-demand for collection, can rightfully receive only money in payment unless specially authorized by his principal to receive something else. Notwithstanding this rule, if the agent is a bank of deposit it may receive its own certificates of deposit as money, and its principal will be bound by the payment, and the debtor will be discharged, even though the bank soon afterward should become insolvent, and never remit to the principal. In such a transaction the principal is especially bound if he has directed the remittance to be made by draft, for it must be presumed that he expected that the draft of his agent would be sent. (*British and Am. Mortgage Co. v. Tibballs*, 63 Iowa, 468.)

The reason for this seeming exception to the rule is that, by cus-

tom, certificates of deposit are regarded as money. Of course, where they are not thus regarded, an agent could not rightfully receive them. But if the custom to receive them as payment exist, the principal is bound by it, even if he be ignorant of its existence. The owner of a note and mortgage living in New York sent it to the Monroe County Bank of Iowa for collection, as the debtor, Massey, lived near that institution. Massey paid the note in a certificate of deposit issued by that bank. Becoming insolvent before remitting the amount to New York, the owner of the note sought to collect again of Massey. The Court said that "it was shown in evidence that it was customary for the Monroe County Bank, and, indeed, for all other banks, to receive their certificates of deposit in payment of claims in the hands of the bank for collection. But it is not shown by the evidence that the plaintiff had notice of such custom. We do not think it necessary either to prove the custom or bring notice of it home to plaintiff. Courts take judicial notice of the general customs and usages of merchants, and of whatever ought to be generally known within the limits of their jurisdiction, such as matters of public history affecting the whole people; and we think that the system by which nearly all the banks in this country transact monetary affairs by the use of checks, drafts and certificates of deposit, and without the actual handling of bank notes or coin, is so well known and understood that no business man, much less a company, whose sole occupation is loaning money [which was the business of the plaintiff] should be allowed to profit by pleading ignorance of it. The plaintiff, in effect, claimed that Massey should have presented his certificate of deposit at the bank counter, and had the money counted out to him, and then counted it back to the Cashier. The law does not require any such vain and unnecessary formality in the transaction of business." (*Id.*)

When the certificate requires the payment of "current notes," the issuer must pay notes as valuable as those deposited in the event of a change in the circulation during the interval of the deposit; consequently a bank in North Carolina, which in 1860 gave a depositor a certificate stating that he had deposited a certain sum "in current notes of the different banks of the State," and which was "payable in like current notes to said depositor, or to his order on return of this certificate," was held liable for the whole amount with interest from the date of the demand, in currency of the United States. The notes deposited were worth about par, but when the certificate was presented none of them were current. They had ceased to circulate as currency in consequence of their depreciation, and had become articles of merchandise, without retaining in any degree the character of current money. Owing to this change, the bank could not perform its agreement, and the question was, on

whom should the loss fall? "Obviously," said the Court, "it must fall on the bank, for it has had the use of the plaintiff's money, and is unable to return funds of the same kind; and surely the plaintiff had a right to expect funds as good as what he deposited." *Frost v. Bank of Cape Fear*, Phillips, (N. Car.) 417.

When the owner of a certificate demands payment, the issuer has the right to insist on the delivery of it as a voucher of payment and security against a future claim. And if an administrator of the owner of a certificate should sue a bank for the deposit, and show that it was in the possession of a third party, but fail to show whether the owner indorsed it or not, he could not recover without producing the certificate. (*Fells Point Savings Institution v. Weldon*, 18 Md., 320.)

When will an alteration of the certificate excuse the issuer from paying it? The alteration of a certificate after the dissolution of a partnership by the partner continuing the business before notice to the holder does not relieve the retiring partner. Until notice of dissolution, the holder has the right to continue the partnership as continuing and the alteration as authorized. (*Howell v. Adams*, 68 N. Y., 314.) When, however, a certificate was given "payable 30 days after date, with — per cent. per annum," and there was no agreement to pay 10 per cent., and the holder, after saying to the buyer that the agreement was for 10 per cent. interest, that the blank was left by mistake, and he inserted 10 therein, it was held that the alteration was fraudulent, and that no action could be maintained against the maker, either on the certificate itself or on the only consideration for which it was given. (*Woodworth v. Anderson*, 53 Iowa, 503.)

If a bank should issue a certificate payable to the depositor or order on return of the same properly indorsed, when could it pay the certificate to another person on presentation; but without indorsement? This question arose in the following case: A husband deposited money belonging to his wife and a certificate was issued payable to him. He delivered it to her as soon as he returned from the bank, and she kept it in her possession. Afterward she presented the certificate to the bank and demanded payment, at the same time informing the institution that she was the lawful owner and holder, and offering to surrender it on payment. The bank refused payment, because the certificate had not been indorsed by J. C., who furthermore claimed that it was his own. But the Court said that the certificate was in effect a negotiable promissory note. The fact that the sum named in it was payable "on the return" of the certificate, did not raise a contingency affecting its character as such note. In the absence of these words the duty to return upon payment would be implied, as in case of a negotiable promissory note in common form. Notwithstanding it is made payable to the depositor

or his order, a third person may become its owner without indorsement." The bank, therefore, was obliged to pay the certificate. (*Cassidy v. First National Bank*, 30 Minn., 86.)

When a suit is brought on a banker's certificate of deposit it must be at the place where the same is payable, and not where he may happen to reside. (*Sanbourn v. Smith*, 44 Iowa, 152.) If the holder of a certificate, after bringing a suit thereon, surrenders it and takes a new one, his suit cannot be maintained. (*Manuel v. Mississippi R. Co.*, 2 Pa., 189.) Likewise, if he surrenders the notes of a bank, and takes a certificate therefor, he cannot claim the same rights in the distribution of assets as he could if he had held the notes. (*Bullard v. Central Bank*, 1 Ga., 461.)

A certificate of deposit is evidence of so high and satisfactory a character that to escape its effect the maker must overcome it by clear and satisfactory evidence. Slight, uncertain or contradictory evidence is not sufficient. (*First National Bank v. Myers*, 83 Ill., 507.) Furthermore, as a certificate of deposit, properly executed, is an acknowledgment that the bank has the money specified therein and credited to the depositor, the burden of proof in a suit to recover the amount, after producing the certificate, is on the bank to show that it has discharged its liability. (*Cushman v. Illinois Starch Co.*, 79 Ill., 281.)

A bank which has given a certificate to a company for deposits, cannot transfer them to the private account of its treasurer without the company's knowledge. And certainly it would have no authority to continue to charge the deposits to the private account of the treasurer after he had ceased to hold the office, whether he knew of the election of his successor or not. (*Cushman v. Illinois Starch Co.*, 79 Ill., 281.)

When a commercial bank has made an assignment in trust for the benefit of a certain class of loans and deposits, under which it receives considerable sums of money, the holders of its certificates of indebtedness made under such arrangement for security for their payment, will not be bound by any previous representations of the officers of the bank, that the capital stock is a safety fund for the benefit of savings depositors, where it is not shown that they caused or encouraged them to be made, or even knew that they had been made when they acquired their certificates, and still less where it is not shown that the savings depositors relied upon their truthfulness. (*Ward v. Johnson*, 95 Ill., 215.)

ALBERT S. BOLLES.

[TO BE CONTINUED.]

COMMERCIAL EXCHANGES.*

CHAPTER IX.

STOCK EXCHANGE SHADOWS.

The Exchanges and Unscrupulous Operators—The Purpose of this Treatise—Railroad Stocks and Crafty Manipulators—A Prominent Example—Formation of a Syndicate—Forced Dividends—Inflating the Stock—Depressing the Market—Wrecking the Enterprise—Wire-Pulling Gentlemen from the Mining Regions—Destroying Legitimate Mining Industries—How the Schemes are Manipulated—Mining Experts and their Mission—Matched Orders—The Stock is Disposed Of—A Change in Affairs—"Bearing the Market"—"Cooked" Accounts and Fictitious Reports—The Mine "Playing Out"—A Downfall in Stocks—How they Sell and Who Buy Them—Bucket Shops and their Managers—How the Business is Worked—"Options"—"Puts," "Calls" and "Straddles"—Forms.

Advantages offered by the Stock Exchanges are not infrequently converted to immoral purposes. Through the opportunities of these institutions millions of dollars have been wrongfully wrung from the pockets of somebody, to swell the bank accounts of unscrupulous railroad magnates and conscienceless mining intriguers. Without the aid of influences created by the Stock Exchanges, not directly, but through their opportunities indirectly, it is probable that not one bad scheme in ten of unprincipled operators and managers would have been contrived and foisted upon the people. Through such opportunities the financial and commercial interests of the country have been made to suffer serious, though temporary embarrassment. Money panics have been precipitated; if not entirely from the result of over-speculation and stock-gambling, they have been thus aggravated and their bad results increased by those immoralities. Unnatural fluctuations and disturbances are detrimental to the general trade and prosperity of the country. No argument can make one believe that high-handed schemes for wrecking large and prosperous corporations, ruining their credit, and thereby destroying public confidence, is not injurious to business in general. It is such operations, and not the legitimate workings of the Stock Exchanges, that have made them with many so unpopular.

That the Stock Exchange does furnish opportunities for "ways that are dark and tricks that are vain," is not disputed. But it is not within the limits of this work to propose a remedy. We have here only to deal with facts and circumstances as we find them. As to whether the immoralities alluded to might not exist

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in some other form, and evils result as great as those herein named without the existence of Stock Exchanges, is a question for discussion entirely outside the scope of this treatise. It is a question that has been freely ventilated, and concerning which, during the past few years, much has been said and written upon both sides. It is our province to explain how the results are accomplished, rather than moralize upon their pernicious effects. In performing this task it will not be necessary to picture every method known to the initiated. A reasonable description of the schemes most commonly adopted by the wreckers, inflators and bucket-shop managers will serve our purpose.

Railroad stocks are favorite elements of speculation with crafty manipulators. If the corporation is a large one it requires greater talent, longer time, and more money to use it as a gambling scheme, but the profits are proportionately handsome. A weak corporation is more easily manipulated and it yields a correspondingly smaller "boodle" for the wreckers. Here is the Uranus Pactolus, a heavily mortgaged and magnificently stocked railroad. The stock is mostly capital, not rolling. But the road is moderately well equipped and is in a promising condition. The stock is selling for less than twenty in the market, and a number of moneyed speculators form a private syndicate through which they quietly buy up enough to control the road. At the next election of directors the road passes into the hands of the newly formed syndicate. The few stockholders outside of the clique, which now manages the road, are surprised to learn that the corporation under its new management is to pay regular semi-annual dividends on its stock. First the dividend is small, only 1 per cent. This, it is known only by the directors, does not come from its net earnings, but is supplied by the heavy stockholders. About four-fifths of the dividend comes back into their own pockets, and the road is their debtor to the amount of money borrowed for the purpose. The loan, ostensibly, is for the purchase of rolling stock and the construction of improvements, but practically for meeting a dividend forced by the directors and not earned by the road. At the next dividend period a similar method is pursued and an increased dividend declared. During this time there has been little or no trading in the stock. The syndicate, holding, at least four-fifths or nine-tenths, have kept that in their possession and entirely out of the market.

Good times, abundant crops and general prosperity have their influences upon the stocks of well and honestly managed railroads. Increased freight and passenger traffic will enable honorable railroad managers to give their stockholders better dividends. But these things have very little to do with the directors of the Uranus Pactolus. The influences which made its stock dividend paying and gave it an impetus in the market were to be explained in the

board room of the directors. Here were prepared highly colored reports of the road's condition. Newspapers were soon trumpeting its great prosperity under the "new management." The most plausible stories of its future success take the rounds of the press. The syndicate conclude it is about time for the attention of speculators to be attracted to the stock of their pet corporation. Arrangements are made for issuing "matched orders" to stock-brokers. Mr. Lightbottom, a broker, is directed by a firm of bankers to buy a few blocks of Uranus Pactolus stock, and at the same time Mr. Topheavy, another broker, is authorized by another firm of bankers to sell for them a few blocks of the same. Neither broker knows from whence or from whom the original orders were issued. Even the two firms of bankers through whom the orders pass are ignorant as to the origin of their instructions. The price is extremely low. A few days pass and more orders come, but with slightly increased prices. Orders keep coming and the price keeps advancing. What the syndicate sell through one channel it buys back through the other.

In this way the stock advances from a few cents a share to 15, 20, 25, 30, 35, 40, 50, 60. Reports begin to be circulated that Uranus Pactolus is going up to par. The time comes for another semi-annual dividend, and 3 per cent. is declared. Investors grow anxious to buy the stock and instruct brokers to purchase for them. Merchants quietly take a few lots. Manufacturers send in their checks and try their luck. Lawyers and doctors, mechanics, clerks, and even the factory girls "chip in" with their hard-earned savings, in the vain hope of "turning an honest penny" to a good account. The syndicate of magnates has a meeting and decide to let out some of the stock. It is on the rise. Outsiders buy at 60, and it goes up to 65. More outsiders buy, and some sell at the advance. Upward it goes to 70, 75, 80, and the syndicate begin to unload. By the time it touches 90, newspapers begin to attack the management. It has come to light that the road has negotiated for a new loan of several million dollars. A new issue of stock of another million or two is put out. Consolidations with other lines are entered into. The debts of the road to the syndicate are paid and its treasury depleted. Another dividend period comes and the rate per share drops from three to one and a half. The stock takes a tumble and soon the confiding investors are glad to realize 25 per cent. of their investment. Such is the history of more than one scheme contrived and carried through by designing and wealthy operators. It is, however, but just to say that the class engaged in such methods is by no means a large one, nor are conspirators of this kind in the majority with all who might thus manipulate stock were they so inclined. They form the exception, fortunately, and not the rule, who, from their positions, might be knaves.

But the wreckers are not more pernicious than the inflators. These last named wire-pulling gentlemen come mostly from the mining regions of the West. California, Nevada and Colorado have each produced crops of them, and not a few have made their appearance in the East from other States and Territories. They have done more to destroy confidence in legitimate mining enterprises than all the natural mishaps and ignorant mismanagement that has befallen the industry.

The plans of inflators may be summed up as follows: A new mining district is discovered. The principal mine has been opened to a considerable depth, and a large body of rich ore is found. Reports of the wildest character go out, and the attention of capitalists is attracted. A number of the inflating class buy the property, and set vigorously about developing it. They erect expensive machinery and works for treating the ore; and from selected workings of the mine secure almost astonishing "mill runs." Flaming reports appear in the newspapers. The "Humpty Doodle" mine is a "wonderful bonanza." A million dollars' worth of ore is "in sight." Its "output" is a thousand dollars an hour, or a day, or anything to make the story big enough. The inflators form a company. They are generous mortals, and don't want to keep the marvelous property entirely to themselves. It would make them too rich. They want their friends and a few others to share in their prosperity. "There's enough to make millionaires of a hundred." "Only a small part of the stock will be for sale," as the conspirators must keep enough for themselves, but they will, if urged for it, spare a million dollars' worth. Mining experts and engineers are sent to examine the property, "and corroborate former reports." The latter is their especial duty. The reports are confirmed. The stock is admitted to the tickling appetites of the "bulls" and "bears" of the Stock Exchange. "Matched orders" work like a charm, and the price goes up "kiting." The inflators grow more generous than their promises necessitated. They will try and content themselves with even less than half the shares. The half are sold, and they find a quarter will make them quite rich enough. Three-fourths are gone, and, to appease the demand, two or three-tenths more are quietly let out. Certainly no person should accuse them of selfish motives; generosity of this kind ought to dispel any such thoughts. Nearly three million dollars' worth of stock are on the market.

SELDEN R. HOPKINS.

[TO BE CONTINUED.]



OUR COINAGE AND THE MINT.

The beginning of our National life was fraught with many difficulties. Before we could lay any claim to recognition as a united people we had to declare and win our independence, and no sooner was this an established fact than our fathers found themselves face to face with problems of such gigantic magnitude that they might well have been disheartened—and without a doubt would have been—but for the possession in ample measure of certain easily recognized native qualities of pluck and enthusiasm which carried them forward to certain triumph.

The problems of State were to them largely new. By inheritance there was little to fall back upon. Monarchical forms had little resemblance to and poorly blended with republican aspirations. So, no wonder is it that mistakes were made in following untried paths; the more wonder that success followed at any cost.

Among the problems intricate and bewildering which forced themselves to the front during those early years, and the one which seemed ever uppermost, was that of the finances. It was an ever-present, dominating and exasperating necessity. It could not be overthrown or avoided; it was a glaring fact and had to be met. It was met with firmness and an unconquerable determination, and history justly bears record of the fact.

It is with one department of this intricate subject, as it presented itself to our forefathers, that it is our purpose to deal at the present time.

Closely allied, then as now, with the welfare and material prosperity of the nation, as is the coinage and standard of value, and affecting as it does the most intimate relations of the family as well as of the producer and intermediate parties, it appears to be a becoming and profitable study to take note how this apparently simple creation, the money we use, came into being in this country; and how, under the pressure of experience and necessity, we have come to use just the particular form of money known to us to-day.

The early colonists found gold and silver in any form a scarce article in their midst. What little came to them in the pockets of immigrants and from other sources, was jealously guarded for purposes of trade with other countries, which, of course, would neither receive nor recognize the various barter currencies to which the colonies had been forced to resort for the satisfaction of their own immediate necessities. As time went on, and the colonies were more and more frequented by tradesmen from the West Indies, buccaneers and

others disposed to traffic, coin became more common and plentiful. It was thought that the seeming inevitable flow of these precious metals from the country which was constantly taking place, might be controlled somewhat, if not entirely checked, by their recoinage and issue as a colonial money. Accordingly, in 1652, a mint was set up in Boston, at which were coined sixpences, threepences and shillings. These coins were intended for internal use, and it was confidently hoped would supersede the uses of barter in trade. Not so, however. The coins were clipped and smuggled from the country in such amount that the distress, though less than previously, was still real and embarrassing. This coinage was known as the Pine Tree coinage; and it is a curious circumstance that, inasmuch as the coining of money was opposed to the prerogative of the colonies, the coins were all dated 1652, although they continued to be stamped in greater or less numbers for upward of thirty years.

Attempts were made at various times, to make gold and silver coins received from different sources in the course of trade, legal tender in the colonies, but with indifferent success. The difficulties and errors in the computation of values were constant and annoying.

Notwithstanding the intimate relations existing between the colonies and Great Britain, the coinage of the mother country was comparatively little used in trade or in computing values. Before the Revolution, the Spanish dollar had taken the place of the pound sterling. Even the Continental money was made payable in Spanish dollars which came from Havana. Notwithstanding the Spanish dollar was the prevailing standard in all transactions between the colonies, yet it was received at unequal value in the different States, even after the Revolution. It passed in Georgia at five shillings, in North Carolina and New York at eight shillings, in Virginia and the four Eastern States at six shillings, and in all the other States, except South Carolina, at seven shillings and sixpence, and in South Carolina at thirty-two shillings and sixpence. So that, when it came to that point in affairs that a purely local coinage was absolutely necessary it was a problem of no mean proportions how to so adjust the standard of value as to do injustice to no one, and yet to harmonize and unify the whole.

After the Revolution, Connecticut, New York, Vermont, and Massachusetts, and a few other States, established mints within their own borders for the purpose of rectifying the coinage troubles. But of course the difficulty was in no sense met, and the coinage was only of small denominations.

Briefly stated, the difficulties awaiting the fathers of our present financial régime—Jefferson, Morris, Hamilton—have been seen. Let us advance a step and inquire how order was finally brought out of the seeming chaos.

There was no single step taken by the Congress of the Confederation with greater wisdom, than that which made Robert Morris Superintendent of the Treasury. Without doubt he was one of the most brilliant financiers our country has produced. This step was taken with accustomed deliberation and with the warm approval of Hamilton. The finances of the Government, instead of being administered by the Board of Treasury, which had proved itself notoriously inefficient, were thenceforth to be under the control of one man.

One of the important suggestions made by Morris was an elaborate plan unifying the coinage of the country. The difficulties of the situation were clearly manifest. He advocated the single silver standard because the common people had been made more familiar with it through the use of the Spanish coins, and because he wished to adapt the coinage to the smallest payments. He advocated, also, a decimal coinage, so that there might be no difficult calculations rendered necessary in computing values. His aim and desire seemed to be to adapt everything to the wants and capacity of the common people.

Morris did not see the full fruition of his desires while he held the office of Superintendent of the Treasury, but he left an impress upon the minds of his successors which was productive of good results a little later on. Morris retired from his successful administration of the Treasury in 1784.

Congress took no action in regard to the coinage until a year had passed, when the matter was referred to a committee of which Jefferson was a member. Referring to Morris and his scheme for the adjustment of the coinage, Jefferson said: "The general views of the financier were sound, and the principle was ingenious on which he proposed to found his unit, but it was too minute for ordinary use, too laborious for computation, either by the head or in figures." It should here be stated that the unit of account as advocated by Morris was to have been one cent; this is what Jefferson refers to as being "too minute" and "too laborious" for practical use. Instead of this, Jefferson advocated the "dollar" as the unit of account, and also gave his approval and adherence to the decimal system. Jefferson's views were adopted by the committee, and thus he has come to be regarded as the father of our present system of coinage and the money unit. The credit accorded Jefferson, however, is not generally regarded as justly his due, since it is held by a high authority that "the able Gouverneur Morris is entitled to the credit of proposing the decimal system of computation, and Jefferson, of proposing the unit and present coinage of the United States." The following year Jefferson's plans were approved and adopted by Congress.

Nothing came of this Act of Congress until July 6, 1785, when

it was again resolved that the money unit of the United States should thereafter be "one dollar." Aug. 8, 1786, Congress proceeded to define and establish the coinage by declaring: "that the standard of the United States of America, for gold and silver, shall be eleven parts fine and one part alloy." It further provided that a "dollar" should contain 375.64 grains of fine *silver*. No provision being made for a "standard" gold dollar, we are led to infer that silver was the preferred metal for the time being. Provision was also made for the coinage of the half dollar piece, the double-dime and dime; also a cent and half cent piece in copper. Two gold pieces were provided for; one to contain 246.268 grains fine gold, and to be known as "an eagle" or ten dollars, the device to be stamped upon it being the "American eagle." A five dollar gold piece was also to be coined, of proportionate weight, to be stamped in a similar manner, and to be known as "a half-eagle."

October 16 of the same year Congress finally passed an ordinance for the establishment of a mint. This same body also decreed that copper coins were to be received by Government in the proportion of five dollars for every hundred due it; and that after the first day of September, 1787, all foreign copper coins were to be considered uncurrent. The value of the copper coinage of the States was, likewise, established, as well as the mint price of gold and silver.

The "dollar" with which we are now so familiar as the unit of our coinage from the beginning, has been known to the world in one form or another for several centuries. The term is used quite often by writers of the sixteenth century, and it recurs with considerable frequency in the writings of Shakespeare. The probable origin of the word is from the German thaler, low German dahlér, Danish daler. The transition to the English "dollar" is seen to be both easy and natural.

Our dollar piece was based on the Spanish-Mexican dollar of 1772, from which it was derived by weighing a large number of such coins as were found in actual circulation, and which had been reduced by abrasion to a weight nearly 1.6 cent below the standard at which they were issued from the Mexican mint. So, as is readily seen, the term "dollar" as used by various peoples, bears no definite relation to its intrinsic value. In this country, however, the weight of pure silver in the dollar has never been changed, although the standard weight of the coin has been reduced by the withdrawal of $3\frac{1}{2}$ grains of alloy.

Notwithstanding the unsatisfactory condition of the coinage, which continued steadily to increase in disfavor so long as the inactivity of the Government failed to supply a remedy, the lately established mint failed to do much besides issuing a limited amount of copper coins of small denominations. Trade, however, could not wait upon

such indifference to the public weal, and the variety of foreign money in the channels of circulation continued daily to increase in volume.

The framers of the Tariff Act of 1789-90 were wise enough to take cognizance of the condition of the coinage, and they provided a schedule of rates at which foreign coins should be received in payment of duties and other dues. They made the gold coins of France, England, Spain and Portugal, and other coins of same fineness, receivable at 89 cents per pennyweight. Mexican dollars were taken at 100 cents, silver coins of France and England at 111 cents, and other silver coins $\frac{11}{16}$ fine at 111 cents per ounce. So far as it went the law was good, but it did nothing toward putting an end to the countless complications that must arise in adjusting values under a system so utterly devoid of uniformity.

Matters drifted as they had done until the latter part of 1790, when Congress again resolved, December 6th, to have a mint established, and Hamilton was delegated to draft and report a plan for the same. He presented his scheme, fully elaborated in a report to Congress in 1791. Impelled, as it were, by the enthusiasm of a newly organized government, it began to look as if matters were to take, at the hands of its administering officers, definite and decisive form.

Hamilton's report, which became the basis of the Coinage Act of 1792, must ever remain conspicuous for its mastery of detail and depth of research, although it is manifest, he had large resources of suggestion to draw upon, in the plans, already made known, of his predecessors, and in a thorough study of existing systems of coinage in other countries. He presented at length "the great variety of considerations involved in the subject."

In perusing Hamilton's report, one cannot fail to be impressed by the apparent honesty of purpose to find out simply and solely what the pressing necessities of the times demanded. He had no favorite, highly-flavored scheme of his own to promulgate regardless of the common weal. He scrutinized very closely existing conditions and made his calculations accordingly.

Speaking of the inadequacy, and the hazard attending the use of foreign coins as a medium of exchange and measure of value, he says: "Nor can it require argument to prove that a nation ought not to suffer the value of the property of its citizens to fluctuate with the fluctuations of a foreign mint, and to change with the changes in the regulations of a foreign commerce."

His next endeavor was to ascertain what the existing money unit of the United States was, that he might the better determine what it ought to be. By careful comparison of values in different States he found the "dollar" to be the nearest approach to the average unit of value, and as such, to contain between 368 and 374 grains of

fine silver. He then proceeded to consider whether the unit of value ought to be attached to either metal singly to the exclusion of the other. After examining in detail the peculiar adaptations of both gold and silver, he arrives at the very logical conclusion that, "to annul the use of either of the metals as money, is to abridge the quantity of circulating medium, and is liable to all the objections which arise from a comparison of the benefits of a full, with the evils of a scanty circulation."

His next endeavor was to establish, so far as possible, historically, the proportional relation that should exist between the metals when coined. This he found to be, on the average, in the different countries using gold and silver as money or as merchandise, as 1 to 15; and this proportion he recommended.

He also offered useful suggestions regarding the amount of alloy to be used in the coinage, as well as in the matter of mint charges.

Not all of Hamilton's suggestions were adopted, but as has been already remarked, his report was taken as the basis of the Coinage Act which soon followed. Hamilton had expressed the wish, among other things, that an issue of gold dollars would be provided for, if only for a small amount. But it was not so determined.

The Act of Congress, authorizing the erection of the second mint, was passed April 2, 1792. The law establishing the first mint had provided that it should be located at the seat of Government, which, at that time, was at Philadelphia. At the creation of the second mint some doubt was expressed as to the legality of allowing the mint to remain at Philadelphia, since the seat of Government at that time was at New York. By a sort of sufferance, the mint was allowed to remain at Philadelphia till March, 1801, when an Act was passed directing that the mint should remain where it was until March 4, 1803. Nothing more was done in regard to it until 1828, when, by the Act of May 19, the Act of 1803 was "continued in force and operation until otherwise provided by law."

The law of 1792 regulating the coinage, provided for a silver dollar of $371\frac{1}{4}$ grains fine silver, a reduction of $1\frac{1}{2}$ per cent. from the dollar of 1786. The standard weight of the silver dollar was declared to be 416 grains; the half-dollar 208 grains; the quarter-dollar 104 grains. The law also provided for the coinage of a silver dime, a gold eagle to "contain $247\frac{1}{2}$ grains of pure or 270 grains of standard gold" of the value of ten dollars, also one-half and one-quarter eagles of proportional weight and value. The relation between the two metals was fixed, as suggested by Hamilton, fifteen grains of silver being made equivalent to one grain of gold, the silver coins to be composed of 1485 parts fine metal and 179 parts of copper alloy. The gold coins were made of eleven parts pure gold and one part alloy, the alloy to be composed of copper and silver, of which the silver should not exceed one half. All

coins were made a legal tender, and penalties were imposed for their debasement.

Hamilton's desire to make that early coinage strictly representative and honest in every particular, led him to recommend that the cent contain eleven pennyweights, or a penny's worth of copper, and the half-cent in proportion. This accounts for the size of the old-fashioned coin as compared with our more modern one cent piece.

The mint was opened for business in September, 1792. Its officers were a director, an assayer, a chief coiner, an engraver, and a treasurer. The first purchase of metal consisted of six pounds of copper at ten shillings and three pence.

The first issue of coin took place March 1, 1793, and consisted of 11,178 cents. The coinage of gold and silver was free; that is to say, individuals so desiring could carry those metals to the mint and have them coined without charge. The first deposit of silver was made July 18, 1794, and the first deposit of gold Feb. 12, 1795. The charge of the mint was given to the State department during Hamilton's term of office, but afterward it was transferred to the Treasury department on his recommendation.

The matter of regulating the circulation of foreign coins, now that we had a circulation of our own, came to be quite a difficult undertaking. The Act of 1792, indeed, provided that such coins should be legal tender for three years and not longer, yet, notwithstanding, foreign coins in abundance were freely passed after the expiration of the legal limit. It was found necessary to extend the provisions of the Act of 1792 at various times, until Feb. 21, 1857, when prior laws were repealed and the Director of the mint was directed to make such assays as to enable him to publish annually the average fineness and value of foreign coins. This settlement of the problem was reached after much debate, and as the result of numerous investigations by Congress covering a period of sixty years.

From the start the operations of the mint were hampered with difficulties. The most important, perhaps, arose from the action of the Director in raising the legal standard of the silver coin, for what were believed to be well-founded reasons. It was believed that the alloy provided for would debase the coin to such an extent that it would turn black in use. The Director, believing that Congress would see the wisdom of, and make the desired change at the proper time, took the responsibility of striking the silver coins from metal nine-tenths fine instead of eleven-twelfths, as provided by law, thus giving to such coins a greater intrinsic value. This coinage was begun in October, 1794. At its next session, Congress failed to make the desired change, although it was strongly recommended by the committee to whom the matter was referred. Thus for a time there was a variation between the legal and the

mint dollar, which affected, principally, those who had carried silver to the mint to be coined, they receiving in return the full amount of silver, but coined into a less number of standard dollars than the law provided for. In October 1795, the fineness of the dollar was changed to conform to the law. Then followed the complaints of those who had deposited silver and received therefor over-weight coins. One such person presented a claim to Congress for an allowance of the difference, but Congress, fearing the effect upon others of the same class, declined to take any action.

WILLIAM WOODWARD.

[TO BE CONTINUED.]

TAXATION OF NATIONAL BANKS.

UNITED STATES CIRCUIT COURT, SOUTHERN DISTRICT OF NEW YORK.

Mercantile National Bank v. The Mayor.

The existing system of taxation in New York for local purposes does not discriminate between National bank shares and the other moneyed capital of individual tax-payers, and therefore is not forbidden by the act of Congress which authorizes the taxation of National banking associations.

The discrimination consists, it was maintained, in exempting from assessment by the State laws, so much of the moneyed capital of individual tax-payers that what remains, including the capital represented by the National bank shares, is subjected to a higher rate of taxation than is assessed on the moneyed capital generally of the tax-payers. An examination of the several exemptions—shares of stock in State corporations, investments in life insurance companies, State stocks, municipal bonds and saving's bank deposits—does not show such an unfriendly discrimination against the banks as is forbidden by National law.

WALLACE, J.—Thirty-five National banking associations located in the city of New York have brought suits against the defendants to restrain them from collecting taxes levied pursuant to an assessment made in January, 1885, upon the shares of the respective stockholders of the several associations. This suit is one of the number, and is here upon a motion for an injunction *pendente lite*. As the case turns upon questions of law, the decision in this motion will be practically a final decision of this Court of the rights of the parties. The fact that these associations pay in round numbers a million dollars annually in taxes upon the shares of their stockholders, and more than one-fourth of the total taxation upon personal property in the city of New York, sufficiently indicates the importance of the controversy to both parties. The case has been prepared with great thoroughness, and has been elaborately and ably argued. The position of the complainant is that the New York State system of taxation creates or effects a discrimination between the taxes imposed for local purposes (which is everywhere the most onerous taxation) upon National bank shares, and that imposed upon the other moneyed capital of individual tax-payers, which is hostile to the former and forbidden by the Act of Congress by which alone authority exists for any taxation of such shares by the States. The theory of this discrimination is that so much of the moneyed capital of individual tax-payers is exempted from assessment by the State laws, that what remains, including the capital represented by National bank

shares, is subjected to a higher rate of taxation than is assessed upon the moneyed capital generally of the tax-payers. If this position is correct, there can be no valid assessment of National bank shares for taxation in this State, and these shares will be relieved from any contribution whatever to the general burden of taxation.

State taxation of National bank shares is lawful only by the laws of Congress. First enacted as a provision of the National Banking Act of 1864, which, as amended by the Act of February 10, 1868, is now embodied in section 5219, United States Revised Statutes. This section provides that "The taxation shall not be at a greater rate than is assessed upon other moneyed capital in the hands of the individual citizens of such State." As Congress was conferring power on the States which they would not otherwise have had, to tax these shares, it undertook to impose a restriction upon the exercise of that power manifestly designed to prevent taxation which should discriminate against that class of property as compared with other moneyed capital. If the greater part of the moneyed capital of individual tax-payers of the State is exempted from taxation by the State laws, the rule of equality of burden between such capital and the capital invested in National bank shares which Congress intended to prescribe as a condition of the permission given to the States to tax these shares at all, is violated, and the State whose system permits this discrimination cannot justly complain because National bank shares are wholly exonerated from taxation. This is the result of many of the decisions of the Courts under the construction of the law of Congress. The most recent expression of the Supreme Court of the United States is found in *Boyer v. Boyer*, 113 United States, 689, where it is declared that "While exact uniformity or equality of the burden cannot be expected under any system, capital invested in National bank shares was intended by Congress to be placed upon the same footing of substantial equality in respect to taxation by State authority as the State establishes for other moneyed capital in the hands of individual citizens, however invested." In that case the doctrine was applied to a state of things found in the taxing system of the State of Pennsylvania, by the laws of which State there appeared to be exempted from taxation for local purposes all mortgages, judgments, recognizances whatever; all moneys due or owing upon articles of agreement for the sale of real estate, of loans issued by corporations which were liable to pay a designated State tax, all bonds or certificates of indebtedness of any railroad company incorporated by the commonwealth, and all shares of stock in the hands of stockholders of any corporation of the State liable to pay a specified tax into the State treasury. The Court in the opinion used the following language: "Upon such facts, and in view of the Revenue Laws of the State, it seems difficult to avoid the conclusion that in respect to county taxation of National bank shares there has been, and is, such a discrimination in favor of other moneyed capital against capital invested in such shares, as is inconsistent with the legislation of Congress. The exemptions in favor of other moneyed capital appear to be of such a substantial character in amount as to take the present case out of the operation of the rule that it is not absolute equality that is contemplated by the Act of Congress—a rule which rests upon the ground that exact uniformity or equality of taxation cannot in the nature of things be expected or attained under any system. But, as substantial equality is attainable, and is required by the supreme law of the land in respect to State taxation of National bank shares, when the inequality is so palpable as to show that the discrimination against capital invested in such shares is serious, the courts have no discretion but to interfere."

The bill of complaint in the present case is framed to bring the controversy within the scope and principle of this decision. The allegations are, that under the laws of this State, there is exempted from taxation all moneyed capital represented by shares of stock in all incorporated companies of the State liable to taxation on their capital, exclusive of banks, banking associations, and trust companies, all represented by shares of stock in trust companies and life insurance companies incorporated under the laws of this State, and all represented by the deposits in savings banks of the State, and investments in the bonds and stocks of the State, and the bonds created by the villages, cities, towns, and counties of the State. The bill also alleges, that under the laws of the State, as construed by the highest Court of the State, all moneyed capital of individuals invested in the shares of stock of corporations of other States, or of foreign countries, is not taxable. It sets out the amount or value of the respective classes of invested capital which escaped taxation in the year 1885, under the operation of these laws. If the averments are true, the exemptions aggregate over two billions of moneyed capital, while the personal property actually reached and subjected to assessment in the hands of individuals throughout the State for that year, was less than four hundred million in valuation.

An examination of the State system will show, that although a comparatively small part of the personal property of tax-payers is actually reached and subjected to taxation against the tax-payers individually, the result is not attributable to the special features of the taxing system of this State, but is a logical consequence of any system which attempts to reach personal property for direct taxation.

By the fundamental rule of the New York State system all lands and personal estate within the State, whether owned by individuals or corporations, subject to exemption hereinafter specified, is liable to taxation. Revised Statutes, part one, chapter 13, title one, section one. Personal estate is declared to include all household furniture, moneys, goods, chattels, debts due from solvent debtors, whether on account, contract, note, bond, or mortgage, public stocks, and stocks in moneyed corporations, and such portion of the capital of incorporated companies liable to taxation on their capital as shall not be invested in real estate. Same title, section 3. By section 7 of the same title, it is provided that "The owner or holder of stock in any incorporated company liable to taxation on its capital, shall not be taxed as an individual for such stock." And by section 1, of title 4, of the same chapter, it is provided that "All moneyed or stock corporations deriving an income from their profits or capital or otherwise, shall be liable to taxation on their capital in the manner hereinafter prescribed." The manner prescribed, as altered by Chapter 456 of the Laws of 1857, section 3, is as follows: "The capital stock of every company liable to taxation, except such part of it as shall have been excepted in the assessment roll or as shall have been exempted by law, together with its surplus profits or reserve funds exceeding 10 per cent. of its capital after deducting the assessed value of its real estate, and all shares of stock in other corporations actually owned by such company which are taxable upon their capital stock by the laws of this State, shall be assessed at its actual value, and taxed in the same manner as other personal and real estate of the county.

By the Laws of 1880, chapter 542, section 3, a franchise tax for the use of the State is imposed upon every corporation, joint stock company, or association organized under the laws of the State, or of any other State or country, and doing business in this State, except savings banks, life insurance companies, banks, foreign insurance companies, and manufacturing corporations carrying on manufacture within this State, and

by section 8, such corporations, joint stock companies, and associations as are compelled to pay a franchise tax, are exempted from assessment and taxation for State purposes, except upon their real estate, but in all other respects remain liable to assessment and taxation. No franchise tax is imposed on banks or banking associations, and in this respect they stand upon an equality with National banking associations, as they do in all other respects for the purpose of taxation under the laws of the State. The capital stock of these associations is not liable to taxation as against the corporation, but the shares are taxable as a part of the personal property of the individual stockholder. Laws of 1882, chapter 409, section 320.

In the language of a recent decision of the Court of Appeals (*re McMahon*) decided April 13, 1886, "the general laws of the State require all property both real and personal, no matter by whom owned, except in certain classes of special exemption, to be assessed for purposes of taxation, this requirement embracing all property owned by individuals as well as corporations and including all shares of stock held by individuals in corporations except in cases where the capital stock of such corporation is itself liable to taxation as against the corporation."

The exemptions created by the State laws so far as they are material to this case are comprised of two classes:

1. Those which include shares of stock in corporations of the State exempting them from taxation as against the holders or owners individually, and substituting a tax upon the capital stock at its actual value against the corporations themselves for local purposes and a franchise tax for State purposes; and

2. Those which include investments in life insurance companies in the stocks of the State or the bonds of its municipalities and deposits in savings banks. The exemptions of the first class have reference solely to the mode of collecting a tax on capital invested in corporations in the most efficient way. Those of the second class are founded upon considerations of State policy, and are intended to promote peculiar interests for the benefit of the public.

The provisions of the State laws respecting exemptions of the second class are as follows:

By the provisions of chapter 552 of the laws of 1880 certain bonds and stocks of the City of New York are exempt from taxation except for State purposes. By chapter 552 of the Laws of 1881 all bonds thereafter issued by any village, city, town or county of the State to pay and retire any existing bonded indebtedness which was created in aid of the construction of any railroad are exempt from taxation for local or State purposes. By chapter 534 of the Laws of 1880 the personal property and shares of stock of life insurance companies are exempt from taxation for local purposes, but these companies are required to pay a State tax of one per cent. annually upon the gross amount of their premiums, interest and other income. By section 4 of chapter 456 of the Laws of 1857 deposits in any bank for savings which are due to depositors are declared not to be liable to taxation, and according to the interpretation of some of the State Courts this section is to be construed as exempting the depositors as well as the corporations from taxation upon such deposits.

Prior to July 1, 1882, the shares of the capital stocks of trust companies organized under the laws of the State were taxable in the hands of individual holders in the same manner and to the same extent that shares of the capital stock of National banks and State banks were taxable; that is, they were included in the valuation of the personal property of the stockholders in the assessment of taxes at the place

where the company was located, but by the act passed on that day, chapter 409, Laws of 1882, to revise the statutes of the State relating to banks, banking associations and trust companies, no provision was made for taxing them such as was made for taxing banks and banking associations. Section 324 of that act, however, subjects trust companies to a franchise tax for State purposes. These companies are not exempted from taxation, for local purposes, upon their capital stock, and the result of the legislation respecting them, as is conceded by the counsel for the complainant, is to subject them to the taxation imposed on the miscellaneous incorporated companies of the State; that is, to taxation upon their capital stock assessed at its full valuation for local purposes, besides a franchise tax for State purposes.

Respecting the averments of the bill relative to the immunity from taxation of that class of moneyed capital invested in the shares of corporations of other States and foreign countries, it suffices to say that it is not claimed that the State laws exempt such shares from taxation in the hands of individual tax-payers who hold or own them, but they escape taxation because the State courts have decided that such shares are beyond the taxing jurisdiction of the State. Unless these decisions are correct, and the State has no power to tax these shares, such moneyed capital is taxable as part of the personal property of the tax-payer.

Thus it appears that, exclusive of exemptions not complained of in the bill (such as the personal property of ministers of the gospel to a limited amount, and the personal property of charitable or reformatory institutions) the State system of taxation is designed to reach and subject to equality of burden, so far as that is practicable in a matter where the intrinsic difficulties are so great, all taxable property, both real and personal, except investments in life insurance companies, deposits in savings banks, the public stocks and the bonds of the municipalities of the State.

It is not open to fair doubt that the personal property of tax-payers represented by shares of stock in incorporated companies of the State is taxed as substantially and as onerously as is the other moneyed capital of the citizens. Indeed, it cannot be reasonably doubted that this kind of personal property is taxed much more effectually and onerously than is the moneyed capital of individuals. It does not militate against this proposition that a part of the moneyed capital of citizens which is invested in forms which enable it to be easily traced and its value accurately ascertained, does not escape taxation by evasion or oversight, and is consequently more effectually reached and taxed than the bulk of the moneyed capital of individuals. Shares in National banks fall within this category, as do shares in State banks and also capital invested in private banking, and capital invested in these forms does undoubtedly bear more than its just burden of taxation relatively to other moneyed capital or to personal property generally; but this is a result which is not peculiar to the system of taxation of this State, but exists everywhere.

The case is thus narrowed down to the question whether the exemptions relating to shares of stock in life insurance companies, to deposits in savings banks, and to certain classes of municipal obligations, together with the special features of the taxation of the capital invested in the shares of miscellaneous corporations, effect a discrimination in taxation between National bank shares and other moneyed capital, repugnant to the law of Congress.

In the language of Mr. Justice Nelson in *People against The Commissioners*, 4 Wall., 256—

"It is known as sound policy that in every well-regulated and enlightened State or Government certain descriptions of property and also certain institutions, such as churches, hospitals, academies, cemeteries, and the like are exempt from taxation, but these exemptions have never been regarded as disturbing the rates of taxation, even where the fundamental law had ordained that it should be uniform." In *Hepburn against the School Directors*, 23 Wall., 480, the section in question was before the Court in a case where by the laws of the State all mortgages, judgments, recognizances, and money owing upon articles of agreement for the sale of real estate were exempt from taxation except for State purposes, and Chief Justice Waite, delivering the opinion of the Court, said: "It could not have been the intention of Congress to exempt bank shares from taxation because some moneyed capital was exempt." In *Adams v. Nashville*, 95 U. S., 19, the unfriendly discrimination complained of consisted in the exemption of certain municipal bonds, the argument being that there were many such bonds in existence in the hands of individuals, and that the complainant's shares being taxed while the bonds were not, the taxation violated the Act of Congress. But the Court held that the Act of Congress was not intended to control the power of the State on the subject of taxation or to prohibit the exemption of particular kinds of property, but was intended to protect capital invested in National banking shares from unfriendly discrimination by the States in the exercise of the taxing power. The cases of *Hepburn v. the School Directors*, and *Adams v. Nashville* are referred to in the opinion in *Boyer v. Boyer*, with the comment that they leave untouched the question as to the power of the States to subject shares of National banks to taxation, "when a very material portion of other moneyed capital in the hands of individual citizens within the same jurisdiction or taxing district is exempted from taxation." No rule was intimated in that opinion defining what exemptions are permissible as within the discretionary policy of the State, or what are so serious as to constitute a very material portion of the moneyed capital of the taxpayers and an unlawful discrimination against National banking shares. Consequently the question whether the exemptions in the system of this State are such as to preclude any taxation of such shares is wholly open. This question must be solved by determining what Congress meant by the term "other moneyed capital in the hands of individual citizens of such State," and what is substantial equality as between that kind of capital and the capital invested in banking shares.

It is obvious that if shares of stock in miscellaneous corporations, other than those which are commonly called moneyed corporations, fall within the designation of "moneyed capital," the very large amount of this kind of capital, which, under the system of this State, is exempt from taxation, "in the hands of individual citizens," forms a material portion of the aggregate capital. It is contended for the complainant that such shares of stock are moneyed capital, and that they are not assessed in the hands of individual tax-payers, and are therefore to be classed with moneyed capital, which is exempt from taxation, in ascertaining whether the rule of equality prescribed by Congress is violated.

It is not to be denied that these shares are not taxed technically as the property of the owners by the State laws, although the corporations themselves are taxed for the capital which these shares represent. The capital stock of a corporation and the shares held by the several stockholders are distinct species of property for the purpose of taxation; as distinct as real estate and the mortgage by which it may be encumbered. The corporation and its capital and property are one thing, the stockholders and their shares quite another. The corporation has

the legal title and right of disposition of all the corporate property, subject to the conditions of its charter. The stockholder's right is to enjoy a proportionate part of the profits, or upon dissolution of the corporation a proportionate part of the assets after payment of debts. This is a distinct, independent interest or property held by the shareholder, like any other property that may belong to him; it is this interest which the Act of Congress leaves subject to taxation by the States, while the States are denied the power to tax the capital stock of National banks. It is well settled by the authorities that because the property of shareholders in the shares and the property of the corporation in its capital are distinct property interests, both may be taxed. *Albany State Bank v. Mayor*, 6 Fed. Rep., 418; *Van Allen v. The Assessors*, 3 Wall., 573; *The Delaware Railroad Tax*, 18 Wall., 206; *Farrington v. Tennessee*, 95 U. S., 679.

It may therefore be fairly urged that Congress did not intend that the taxation imposed by the State upon the capital stock of manufacturing, railroad, mining, and many other corporations should be considered in ascertaining whether the taxation of National Bank shares is greater or is less than that of moneyed capital in the hands of individual taxpayers. State policy may legitimately dictate different modes and rates of taxation for the different kinds of corporations which the State creates, and discourage the operations of some and foster the interests of others by a diversity of taxation, and it would be manifestly difficult, if not impossible, in view of the discriminations which are found in the system of every State, to deduce any general rule of taxation and make it the test of the lawful taxation of National Bank shares.

But it does not follow that the capital invested in such corporations is to be classed as exempt from taxation in ascertaining whether National bank shares are subject to unfriendly discrimination. When it appears that the capital of the individual tax-payer invested in these shares is required to bear as great a burden of taxation as that invested in National bank shares, there is no reasonable or real foundation for the claim of hostile discrimination. While Congress did not intend that the taxation of the States on the property of corporations should furnish the rule or standard of the taxation authorized for National bank shares, but intended to limit the States to a taxation no greater than that imposed on the moneyed capital of their individual citizens, there is no reason to suppose that Congress cared at all about the mode the States might adopt for the collection of their taxes. A tax imposed on the capital or property of a corporation falls as effectually on the capital of the shareholder represented by his share as does a tax upon the shares directly; and although in legal contemplation a tax upon the former is not a tax upon the latter, practically and substantially taxation of the capital of the corporation is taxation of the capital of the shareholder.

If shares of stock in corporations other than moneyed corporations are not "moneyed capital," then it is immaterial to the question under consideration whether such shares are subjected to taxation directly or indirectly, and even if the capital invested in such shares is not taxed at all, it should not be classed with exempted capital in ascertaining whether a material portion of the moneyed capital of individuals is exempt. The Supreme Court has never decided precisely what signification belongs to the term "moneyed capital," as used in the Act of Congress. It is hardly proper to call shares in manufacturing or trading corporations "moneyed capital in the hands of individual citizens," and if Congress had intended to include all capital thus invested, it would have been easy to do so under some such comprehensive term as personal property. It is not obvious how the equitable interest of the

shareholder in such corporations, which entitles him to share in the profits or upon dissolution in the division of the assets, should be deemed moneyed capital, any more than the capital invested in any other kind of personal property which can be converted into money by sale is to be deemed moneyed capital. Shares of stock in moneyed corporations, such, for instance, as trust companies, capital invested in the business of private banking, is doubtless properly described as moneyed capital. So also the capital represented by all obligations which are solvable in money, such as notes, bonds, certificates of indebtedness and other securities for the payment of money would seem to be within the description. The capital which was exempted from local taxation under the laws of Pennsylvania, and which the Court held in *Boyer v. Boyer* to be a material portion of the moneyed capital of individual tax-payers, was almost wholly of this kind, being mortgages, judgments, bonds, certificates of indebtedness and moneys owing upon articles of agreement. It is true that shares of stock of all corporations of the State liable to pay a State tax were also exempt in that case; but no emphasis was placed in the opinion of the Court upon the exemption of this kind of capital, and of course this exemption included shares of stock in moneyed corporations as well as in other corporations. The term "moneyed capital" has a more limited meaning than the term personal property, and it must be assumed that it was employed deliberately in the Act of Congress to denote more restricted forms of invested capital. In one sense the capital invested by the merchant or the manufacturer in his business is moneyed capital, but it is no more so than that which the professional man has invested in his library or the mechanic in the implements of his trade—if such investments are to be deemed moneyed capital, then the term has substantially as wide significance as the term personal estate. If the capital of the merchant or the manufacturer is not moneyed capital, it would seem to follow that the interests represented by the shares of manufacturing or trading corporations are not properly described as moneyed capital. The Supreme Court say, in

Evansville Bank v. Britton, 105 U. S., 324: "The Act of Congress does not make the tax on personal property the measure of the tax on the bank shares of the State, but the tax on moneyed capital in the hands of individual citizens. Credits, money loaned at interest, demands against persons or corporations, are more purely representative of moneyed capital than personal property, so far as they can be said to differ. Undoubtedly there may be much personal property exempt from taxation without giving banking shares a right to similar exemption, because personal property is not necessarily 'moneyed capital.'"

If it should be assumed, however, that Congress meant to include in the term "moneyed capital," all capital invested in business or for income not represented by real estate, and that shares of miscellaneous corporations are therefore included, this kind of capital should not be deemed exempt from taxation under the system of this State, because, as has been already stated, it is taxed as effectually and as onerously as other kinds of moneyed capital of individual citizens; and although such tax is not assessed against the shares directly, it falls ultimately and inevitably upon the capital of the individual invested in it. The beneficiaries of a trust estate are the persons upon whom the taxes of the estate really falls, although the assessment is not made against them, but against the trustee who has the legal title of the personal property.

It only remains to be considered whether the exemptions of shares of life insurance companies, of the stocks and bonds issued by the City of New York, of the bonds issued by other municipalities of the State, and the deposits in savings banks, are such as to manifest a serious discrimination against National bank shares.

The assessable value of the shares of life insurance companies in this State is relatively an insignificant part of the whole moneyed capital of the tax-payer, and the exemption is made to foster a class of corporations which exercise a salutary influence upon the community.

The assessable value of the bonds and stocks issued by the City of New York which are exempt from local taxation appears by the stipulation of the parties to be \$13,467,000; assuming that these securities are principally held by citizens of the State, it is not obvious how holders of National bank shares have any substantial ground for complaint at the exemption from taxation. These securities are taxable for State purposes. Inasmuch as National bank shares are taxed at the place where the bank is located and not elsewhere, the holders of such shares have the same interest as all other tax-payers of the municipality which has created a debt, in having the best sum possible realized from the obligations issued to meet it. Such obligations are exempted from taxation in the hands of the holder, to enhance the value in the market and to enable the municipality to realize more from them in the diminution in the burden of taxation. The holders of National bank shares derive the same benefit from the exemption as do others who are taxed upon their moneyed capital for local purposes in the same taxing district. The same observations apply measurably to the exemption of the bonds of the other municipalities of the State, although these are not taxable for State purposes, and it may therefore happen that the tax-payers of certain municipalities are to that extent compelled to contribute to taxation from which they have derived no direct benefit. This is one of those instances of inequality which illustrate the axiom that absolute equality and strict justice are unattainable in tax proceedings. The exemption is restricted to a limited class of these obligations, and in the absence of any attempt on the part of the complainant to show that they are of any considerable amount relatively to other moneyed capital, it is to be assumed that but little importance should be attached to this exemption.

The more important exemption is that of the deposits in savings banks. The aggregate of these deposits is quite large, being in the year 1885 over \$437,000,000. Savings banks in this State are not permitted to owe any depositor more than the sum of \$3,000 (Laws of 1878, chapter 347, section II.), and it appears by the report of the Superintendent of the Bank Department, that the average of these deposits on the first day of January, 1886, was \$378 each. These deposits represent mainly the savings of people of small means. It is not probable that a twentieth part of the whole would be actually reached for taxation, if they were not exempt. Such accumulations tend to the extinction of pauperism, to the encouragement of economy, and to the general thrift and comfort of the mass of the people. It is as much the part of a wise policy on the part of the State to encourage them, as it is to encourage benevolent and charitable institutions. In the large, such an exemption reduces the burden of taxation on other moneyed capital. None of the exemptions of which have thus been considered manifest any unfriendly discrimination on the part of the State, as between the shares of National banks and moneyed capital generally. Taken together, they form a much less important part of moneyed capital generally than was exempt by the State laws in the case of *Hepburn v. The School Directors*, where the exemption was treated as not disturbing the rule of equality of the Act of Congress. Compared with the exemptions considered in *Boyer v. Boyer* they are insignificant. It is, therefore, held that they are not of a character to justify the complainants' contention.

The conclusion reached is in accord with the recent decision of the

Court of Appeals in this State *in re McMahon v. Palmer*, 6 North Eastern Reporter, 400, where it was held by the Court, upon a full consideration of the question presented here, that the taxing system of this State does not result in taxing National bank shares at a greater rate than is assessed upon their other moneyed capital in the hands of individual citizens of the State.

The motion for an injunction is denied.

LIABILITY OF NATIONAL BANK STOCKHOLDERS.

A decision has been rendered by the Supreme Court of the United States in the important series known as the Pacific National Bank cases of Boston. These cases arise out of a suit brought by the receiver of the insolvent Pacific National Bank of Boston against John P. Delano, to enforce the latter's liability as a holder of 60 shares of the bank's stock, including 30 shares of so-called "new stock," created by an increase in the bank's capital, made by resolution of its directors in the autumn of 1881. Delano admits the ownership of 30 shares, but contests his liability upon the other 30 shares, which comprise a part of the new or increased stock.

The questions arising upon the records in these cases may be reduced to three. The plaintiff in error in the action at law contends:

1. That he was not at the time of the appointment of the receiver nor at any time the holder of 60 shares of the stock of the bank, but was in fact and in law a holder of only 30 shares thereof. He contends that the attempt on the part of the directors and the Comptroller of the Currency in December, 1881, to fix the capital stock of the bank at \$961,380 was contrary to law and void; that the alleged 30 shares of new stock on which he is sued never had any legal existence, and that he by virtue of his subscription in September, 1881, for 30 shares in the then proposed increase of capital from \$500,000 to \$1,000,000 and by his other acts never became liable on account of the debts of the Pacific National Bank beyond his liability as the holder of 30 shares of valid stock.

2. That by his contribution in January, 1882, of an amount equal to the par value of all the stock ever held by him towards the fund which was used in the payment of the debts of the bank, the bank then being insolvent, he in law discharged his liability as a stockholder in said bank, and should therefore have judgment in his favor.

3. As appellant in the suit in equity, Delano alleges, as ground for reversing the decree dismissing his bill, that the contribution made by him on January 23, 1882, of an amount equal in par value to the stock held by him towards a fund which was actually used in the payment of the debts of the bank, the bank then being insolvent, constituted in equity a satisfaction and extinguishment of his liability as a stockholder for the debts of the bank.

Upon the questions thus raised this Court holds:

First, as to the solidity of the increase of the capital stock, that all the requisitions of the statute were complied with. The circumstance that the original proposal was for an increase of \$500,000, which was subsequently reduced to the amount actually paid in, does not affect the question, for the amount of the increase, within the maximum, was always subject to the discretionary power of the association, subject to the approval of the Comptroller of the Currency. In pursuance of law, notice was given by the Comptroller to the stockholders of the bank, at

their regular annual meeting, that they must either assess themselves and pay in the whole amount of the 100 per centum upon their capital stock, fixed at the sum of \$961,300, or, in the alternative, go into liquidation. In pursuance of this notice, in full view of the facts, and with a presumed knowledge of the law, the stockholders, by a vote that was almost unanimous, assented to the first branch of the alternative, and as a condition for being permitted to resume business, voluntarily voted the required assessment. The plaintiff in error, it is true, was not present at this meeting, but he had notice of its proceedings, and in pursuance of its vote paid the full amount of the assessment imposed upon him as the holder of 60 shares of the capital stock of the company. In the opinion of the Court it is not open to him now to say that he made this payment in ignorance of the facts or in ignorance of the legal right which he now seeks to assert to avoid the obligation. His payment was voluntary; it was made with knowledge of the facts, or with opportunity and means of knowledge, and the payment made by himself in conjunction with his stockholders was made upon a distinct consideration, whereby the bank in which he was interested was enabled to undertake anew its regular and active business. Such a course of action on his part must be construed to constitute a complete acquiescence in and ratification of the previous action of the association and the Comptroller of the Currency in reference to the increase of the capital stock, and he cannot be permitted now to deny that he thereby became, and has continued to be, an owner of 60 shares of the capital stock of the bank fixed at the increased sum.

The second ground of defense to the action at law is equally untenable. The assessment imposed upon the stockholders by their own vote for the purpose of restoring their lost capital, as a consideration for the privilege of continuing business and to avoid liquidation under section 5205 of the Revised Statutes, is not the assessment contemplated by section 5151, by which the shareholders of every banking association may be compelled to discharge their individual responsibility for the contracts, debts and engagements of the association. The obligations of the shareholders under the two sections are entirely diverse, and payments made under section 5205 cannot be applied to the satisfaction of the individual responsibility secured by section 5151.

Third, whatever hardship there may be in the circumstances of the case, this Court is unable to discover any ground of equitable relief. If the assessment was applied by the officers of the bank to the satisfaction of its debts there is nothing to show that it was done ratably, as required by section 5151. The assessment was not paid by the stockholders for the purpose of effecting liquidation of the affairs of the bank, but was understood to be the price paid for continuing its business in the hope of saving their investment. If it was paid under a mistaken supposition that in the event of future failure nothing more could be required of them, there is nothing to show that the shareholders were led into the mistake by any misrepresentation either of fact or law on the part of the creditors for whose benefit the receiver is now acting. The mistake, if any, is one for which each shareholder is alone responsible.

On the whole, the Court is constrained to conclude that the defenses at law and the alleged ground of relief in equity are alike untenable, and that the judgment and decree of the Circuit Court must be affirmed.

The case of *Whitney v. Peter Buller* is another Pacific National bank case, but resting upon a different set of facts. The testator of the plaintiffs in error at the time of his death held 100 shares of the stock of the bank. Before the suspension of the bank this stock had been

sold, but owing to oversight or negligence of the bank officials it had not been formally transferred on the bank books. In view of this state of facts, the Court holds that the responsibility of the defendants ceased upon the surrender of the certificates to the bank and the delivery to its president of a power of attorney sufficient to effect, and intended to effect, as that officer knew, a transfer of the stock to the purchaser. The judgment is therefore reversed and the cause remanded, with directions to enter judgment for the defendants.

INTEREST ON DEPOSITS.

It is not unreasonable to assume that of the sixty odd banks, members of the New York Clearing House, quite one-half pay interest on country deposits. Several attempts have been made to bring about concerted action on this question, with a view to stop such payments. All such endeavors have, however, proved abortive. Even as far back as 1858 the officers of the various banks in this city met at the Clearing House and passed a resolution the preamble of which recited that forty of the forty-six banks composing the New York Clearing House Association had then united in a written agreement no longer "to allow interest on deposits or balances of any kind, either directly or indirectly, provided all the banks composing such Association shall concur in said agreement." There were, however, some refractory financial institutions in those days, though strenuous efforts were made to bring them into line. Strong and emphatic protests were made by the majority of the banks against interest-paying, and they reminded those banks which refused to fall in with the wishes of the majority that if they had only a *few* accounts on which they paid interest it was no reason whatever why they should not give up the practice entirely. They held the same views that some of the city banks practically hold to-day, viz., that to pay interest is inherently unsound, that it tends to weaken the legitimate commerce of the country, that no bank can safely and profitably practice it, and that its discontinuance would not divert any substantial deposits from this city. In 1860, and again in 1873, years of financial disturbance, the banks considered this subject, but as far as can be learned, no real unanimity resulted from these discussions. Within the past three years, the banks have again considered the subject, and a series of meetings were held about two years ago in Manager Camp's rooms, but the presidents of the various banks did little more than talk, for though there was a clear majority in favor of paying no interest whatever, it was generally understood that there should be perfect liberty of action in the matter.

To-day, therefore, each bank acts in accordance with its own idea of what is best for its patrons. Competition between them is sharp, probably keener than at any other time in the history of banking. The veriest fraction oft decides who shall have the business. Millions are handled daily for comparatively small margins of profit. A good old-fashioned commission, as one banker yesterday expressed it, is a rarity. Grain and produce are now bought and sold on infinitesimally small fractions of profit, and those dealing in money itself also find their profits scaled down in these days to very modest figures. Hence, the New York banks do not believe in refusing any business which bids fair to be of advantage to them. Precisely, however, how they stand on this interest-paying question it is difficult to say. From actual inquiries

made, it would appear that those who do not pay any interest at all give equal advantages to their customers in some form or another. Thus, quite a number give no interest, but undertake to collect, free of charge, all out-of-town accounts of their customers. This, in some cases, it is said, is equal to quite 2 per cent. and at times 3 per cent. interest on the deposit. The following shows what city banks pay interest and those which do not make a practice of so doing:

Fourth National.....	Interest from 1 to 2 per cent.		
Bank of the Republic.....	"	"	"
Imp. and Traders'.....	"	"	"
Park.....	"	"	"
Central National.....	"	"	"
Ninth National.....	"	"	"
First National.....	"	"	"
Third National.....	"	"	"
Chase.....	"	"	"
U. S. National.....	"	"	"
Seaboard.....	"	"	"

No interest, but collections made—Bank of America, City Bank, Chemical Bank, Gallatin Bank, Merchants' Exchange.

No interest (other accommodations)—Leather Manufacturers', Seventh Ward, American Exchange, Pacific, People's, Oriental, N. Y. National Exchange, Bowery, N. Y. County, Fifth Avenue, German Exchange, Germania, Garfield National, Bank of the Metropolis, West Side, Sixth National, Mechanics' Bank.

This list is substantially correct, but it is somewhat difficult to ascertain exactly the nature of the accommodation offered to customers other than the collection of their checks, though of course there are many ways in which a bank may show its depositor what advantage it is to him to do his business there. The other banks in the Clearing House not named in this list either pay interest or give some practical equivalent.

The private banks pay from 3 to 4 per cent. The United States Trust Company pays 2 per cent.; the rate of the Central Trust Company is 2 per cent., and the Metropolitan, American Loan & Trust Company and the others pay, it is said, no more than this amount, though they cut rates on special business.—*N. Y. Commercial Bulletin*.

HOW MONEY IS LENT ON THE LONDON STOCK EXCHANGE.

At a recent fortnightly settlement on the London Stock Exchange an organized attempt was made by the dealers in the American railway market to make a change in the method of quoting the so-called "contango" or "continuation" rates. These "contango" rates are, as most people know, really the rates of interest paid by operators for the rise to the dealers in the market, in return for the privilege of continuing, carrying forward, or deferring until the next settlement, their speculative purchases. When money, therefore, is dear, these rates are high, and, conversely, they are low when it is cheap; subject, of course, to the extent of the speculative account that is open for the rise, or, in other words, the demand for accommodation. At the present time, for instance, speculators for the rise have bought large masses of many securities, and hence, to satisfy their requirements, they have had to pay higher "contango" rates than the value of money would itself justify. Hitherto the rates in the American market have been quoted,

like those in the foreign market, at so much per cent. per annum, but this week the dealers generally made instead a definite charge per share. The object of this charge, it is alleged, is to enable them to exact higher rates of interest without at the same time really appearing to do so. For instance, $\frac{1}{4}$ dol "contango" on shares standing at 50 dols, looks much more moderate than 12 per cent. per annum, to which it is equivalent. But although so high a rate as this was rather exceptional, apart from those charged on a few of the more speculative Home railway shares, yet, as a whole, rates were decidedly high, and money-lenders in the "House" were doing so good a business, as to leave but little excuse for devices intended to enhance profits. The banks, for instance, which could only get in the early part of the week a shade over 2 per cent. for short loans, and were glad to discount fine three months' bank bills at $2\frac{1}{2}$ to $2\frac{3}{4}$ per cent., charged 4 per cent. for their fortnightly advances to the "House," while the dealers charged the outside public from 5 up to 15 per cent. per annum for the accommodation they required. It will be seen that the differences between the rates for money and the so-called "contango" rates were very considerable, and as this is frequently the case, and as an immense amount of money is habitually advanced by the banks to the Stock Exchange, it may be of interest to explain the methods that are pursued by the lenders—this phase of the money market having, we think, received less attention than it deserves.

In the first place, the great volume of money employed in the "House" by the banks usually passes from the one to the other through a class of intermediaries, consisting mostly of very influential and wealthy brokers. In their position, and in the character of their business, etc., these firms, of course, differ very considerably, but they usually appear to have at least one feature in common, that is, stability. And no doubt most, if not all of them, are eminently sound, some being, in fact, so careful of their reputation in this respect, as to refuse all speculative business whatever. These firms, it must be understood, borrow of the banks as principals; they do not act for the latter as agents. What a firm of this description does is this: It arranges to borrow for the account from a bank, say, 500,000/ at 4 per cent., and this money it lends in large blocks to the leading dealers on the Stock Exchange at, say, $4\frac{1}{2}$ per cent., receiving as security from the latter a fair selection of securities, exceeding by 10 or 20 per cent. in market value the amount of the sum lent. These securities the firm of brokers hands over to the bank with the same "cover," or margin, in regard to market value. Between the lending bank and the borrowing firm of brokers intimate relations of course subsist. The one, as we have said, is not the agent of the other, and yet in some respects these relations seem of this character. The broker relies for much of his most valuable business upon habitual loans from the bank (to obtain which he has perhaps made some sacrifices—as, for instance, refusing sound but speculative business), and the bank is not excessively particular about the securities it receives, provided that they present a fair average, and that the margin is sufficient. Moreover, the broker does not speculate in money, that is, he does not borrow at a fixed rate, and then secure what profit he can by lending it, but he rather ascertains what rate he can obtain, and then if it is satisfactory, the bank makes him an advance, at, say, $\frac{1}{2}$ per cent. below that figure. At this stage, then, the bank has lent money to a first-class firm of stockbrokers for the fortnight upon a mixed mass of securities, upon which it has a substantial margin. And the firm of brokers has retailed out this money upon similar terms to the large dealers in the market.

We now come to the position of the dealers themselves. It is neces-

sary for them, if transacting a large business, to be amply provided with funds by the money-lending brokers; for it is clear that if a big dealer were not prepared to perform the essential function of "carrying on" the speculative bargains that he had made, it would be impossible to hold his "jobbing" connection together. Assuming, however, that funds are easily procurable, let us see how the dealer stands. He has constantly been buying stocks from sellers, and disposing of them to the speculators for the rise, who look to him to carry them on, or, in other words, to borrow the money requisite for holding them. This he does, but, unlike the bank and the lending firm of brokers, he has no margin of security, but holds the securities at the market prices, struck every fortnight. To compensate, however, for this absence of cover, the dealer obtains, as we have said, high rates of interest. If, for instance, at the last account he borrowed money at 5 per cent., it must have been eminently satisfactory to get as much as 9, 10, or 12 per cent. upon many securities. At the same time, it must not be forgotten that, as we stated before, the dealer has to "put up a cover" on the securities that he borrows upon, and this means the use of a good deal of capital. Sometimes, indeed, the dealer makes an extra large profit by working without the aid of the intermediary broker, *i.e.*, he borrows directly from the bank, and carries on, or, as it is technically phrased, "takes in," stock himself in the market, but this is rather exceptional. In this, as in other things, custom has specialized a class with whom the banks find it most advantageous to conduct their borrowings in the "House," viz., the large money-lending brokers. Altogether, it will be seen that money-lending in the "House," when there is an active speculation for the rise, is a decidedly lucrative business. For, to sum up, the banks get much more on their fortnightly "House" loans than they do on their ordinary loan business, and the volume of it is immense. The money-lending brokers, who deal with the banks, realize large and steady profits— $\frac{1}{2}$ per cent., probably their minimum turn, or profit, being equal to 5,000*l*. per annum on every 1,000,000*l*. employed throughout the year; while the dealers, who have to bear most of the risk, make very large profits indeed on the stocks they "take in" for their clients. It is not strange, then, that when the means of employing money in commerce are restricted there should be a great volume of money ready to flow into the "House." And there can be no doubt that in recent years the money so employed has gone on gradually increasing. But this has one unpleasant aspect, and that is, the great difficulties that would inevitably occur if the stress of anything like a real crisis had to be met. Fortunately, the market has been spared all but sharp spasms for many years, and the banks feel so much confidence in the business as at present conducted, that they go on freely lending, even in the face of such distinctly threatening circumstances as now exist. But if danger really drew near, they would at once withdraw their money from the Stock Exchange—these fortnightly "contango" loans being always the first to be called in—the money-lending brokers would have no funds for the dealers, and the latter would simply be unable to carry on transactions, and could only say—We are not "taking in" stocks to-day! Then a multitude of speculators would be left with their piled-up purchases for the rise, and they would have to realize at almost any price; it would be, in fact, a case of *saute qui peut*. And it would then be difficult to limit the danger that might arise. It is well, without being alarmist, to indicate the danger that is always potentially present when a great speculation for the rise, based upon borrowed money, is being carried on in the face of circumstances that require large measure of prudence.—*The Economist*.

NEED OF BANKING CAPITAL IN THE SOUTH.

"The need of more banking capital in the South," says the *Baltimore Manufacturers' Record*, "is a matter of vital importance to the development and prosperity of the business interests of this section. In the letter from Bristol, Tenn., published in last week's issue, our correspondent says that he found at that place, as all through Southwest Virginia, 'that the great want that is felt in fostering the industrial pursuits and developing the varied resources of this region is sufficient capital.' There are probably to-day, at the lowest estimate, fully one hundred thriving towns in the South in which, like Bristol, business is seriously hampered and restricted solely on account of the lack of banking capital, and in which a properly managed bank would be certain to yield large profits. Of course, the number of places in which more banking capital is needed for the transaction of business is much greater than this; but, as we have just said, there is probably fully that number of places in which the success of a bank would be positively assured if rightly managed, owing to the very large business that it would at once command. The rate of interest for money is entirely too large in the South, and even at the high rates charged it is often impossible for business men to secure the money needed on the best security, owing to the scarcity of banking capital. The prosperity of the South is largely dependent upon an increase in the number of banks there, for the Southern business man paying anywhere from 9 or 10 up to 15 per cent. interest for the use of money cannot well compete with those in other sections who secure money at from 3 to 6 per cent. Not only must the Southern people of wealth give more attention to the establishment of banks, now one of the most vital needs of that section, but vigorous efforts must be made to induce Northern capitalists seeking profitable investment to investigate the advantages of the South for the profitable employment of money in banking enterprises. The *Atlanta Constitution* says that the lack of banking capital is very seriously felt in Georgia. 'It must be admitted on all sides,' says the *Constitution*, 'that the commerce of Georgia has materially increased since the war. Our railway mileage has more than doubled; our cities and towns have increased in population; our industrial enterprises have been enlarged and increased, and a wonderful development has been going on in our material resources. But for twenty years the State and the people have been crippled—paralyzed, we may say—by a lack of capital. This lack is not imaginary. It has been felt in every department of business and by every class. Mr. Calvin, writing to the *Augusta Chronicle*, touches this question with some figures that are not only interesting, but startling. At present the State of Georgia, with fifteen National and twenty-two State banks, has a banking capital of less than \$7,000,000. In 1860, Augusta, with a population of 13,000 souls, had a banking capital of \$9,000,000, more by \$2,000,000 than the whole State now has. To-day Augusta has a banking capital of about \$1,500,000. This comparison will hold good in every city in the State, and in every State in the South. The demands of the State are such that more than four times the amount of bank capital in use in Georgia in 1860 could be profitably employed now. This is a more serious matter than some of our public men seem to think. It is, indeed, a vital matter.' The *Constitution* then takes the ground that 'there is but one remedy that suggests itself, and that is the re-establish-

ment of State banks under such restrictive legislation as will keep them out of the whirlpool of speculation. To this end it is necessary that the Federal tax of 10 per cent. on circulation shall be repealed.' Whether this be the only way to secure the needed increase in banking capital in the South or not, it is quite certain this increase is so important that some way must be devised for obtaining it."

ECONOMIC NOTES.

THRIFT.

The school banks organized in some of the countries of Europe, notably Belgium, France and Austria, and latterly in England, with the object of giving practical effect to the theories concerning thrift among the people, have been assailed as widely as they have been commended. In England and Wales there are nearly 2,000 of these school savings banks, in France there are 23,000, Scotland has 123, and Ireland has none. In Belgium and Italy the system has been opposed by parents and teachers, and attacked by politicians and the press. It was held that to inculcate thrift among children, to teach them to save, and spend wisely, is to breed selfishness, to destroy the trusting disposition, the generous, uncalculating impulses of childhood, to turn them into little sordid, cold-hearted economists, to form a race of misers; and heart-rending pictures were drawn of "the poor little things with their cheerless lives stripped of their one solace, the delights of the candy-shop." It has, however, yet to be shown that self-restraint, prudence, foresight, are synonymous with selfishness, avarice, meanness; that extravagance and recklessness are the same things as generosity and the spirit of honorable independence; that prudence or the virtue of thrift grows of itself; or that the great lessons of self-restraint and self-reliance, inculcated by the denial of a present doubtful want, or trifling, perhaps pernicious gratification, in order to obtain a solid future good, cannot be taught at so early an age as, for instance, truthfulness and obedience, without endangering the generous instincts of childhood. It has been said that it is better to waken the child from its dream with a gentle hand rather than leave it to be awakened in after years by the rough experience of life. The "candy" argument, strange enough, appears to have been one of the greatest difficulties in the continental cities. In Ghent the school banks ruined the candy-shops of the town. Apart from the greediness and incipient thriftlessness in the waste of pocket-money on the apple-woman's rub-bish, there is many a dose of physic required because of the pernicious stuff consumed in this way.—*Canadian Journal of Commerce*.

THE BURMESE MINT.

The *Journal of the Society of Arts* gives a description of the process of coining under King Theebaw: The smelting of silver for producing the currency of the country is carried on in the following manner: Silver purchased from the Kakhyens (who procure it from the Chinese) to the amount of 6 *ticals* (say $3\frac{1}{2}$ ounces) is mixed with $1\frac{1}{2}$ *ticals* (378 grains) of copper wire, and the two metals are melted together, the smelter adding sufficient lead (judging the weight) to make up the total weight to 10 *ticals* ($5\frac{1}{2}$ ounces). The smelting is conducted in little saucers of sun-dried clay placed on a bedding of paddy husk to make them lie evenly; charcoal is heaped up over them in hollow pyramids, which, being ignited, the bellows are then vigorously applied. As soon as the

metals fuse, little pieces of lead are put in, according to the judgment of the smelter. When the mass is at a red heat, the charcoal is removed, and if a piece of wood, which is now held over the alloy, freely ignites, a round, flat, brick button, about the size of a five-shilling piece, on which a smooth layer of moist clay has been spread, is laid on the surface of the molten mass, two men previously blowing upon it through bamboo tubes. The brick disk does not cover the whole of the alloy, and the surplus metal around the edge forms a thick ring, to which lead is freely added to bring the mass up to the proper size and weight. As it solidifies, there forms a white disk of silver surrounded by a thick dark brownish ring, containing metal of the same purity as the disk, but covered with a coating of refuse and lead. The mass is removed from the saucer before it is perfectly hard, and the brick disk falls off, leaving the coating of moist clay adhering to the silver, which is then cleaned, and a number of round spots are dotted with cutch on the face of the alloy, to make the mass look pretty. It is then weighed and is ready for cutting up. The saucers in which the alloy is melted are sold at 80 rupees (£8) per 1,000 to the lead smelters, who extract any silver and lead that may remain; and the refuse of the smelting is sold to the potters, who use it as a glaze for tiles, while it appears to be sometimes also employed in *niello* work.

PAPER CURRENCY OF DIFFERENT COUNTRIES.

The Bank of England note, says a writer, is printed on Irish linen, water-lined paper, plain white and with ragged edges. The paper lacks the smooth, oily feeling of our own currency, and the plainness of the lettering and the entire absence of any coloring, excepting black and white, makes the bill in appearance easy to counterfeit. The bills are five inches by eight in dimensions. They are never reissued from the bank, but burned as soon as taken in. In sending money from one part of the country to another the note is generally cut in two parts, and the pieces sent in two separate envelopes. The Bank of Ireland note is in appearance and size much the same, with the addition of more elaborate scroll-work in the engraving.

German and Austrian currency bear upon each bill a warning against counterfeiters, threatening a penitentiary confinement to any one who shall make, sell or have in their possession any counterfeit or fac-simile of any of the bills. The German bills are printed green and black upon paper lighter than our gold certificates, and are about an inch wider. They are in denominations from 5 marks, or \$1.25, to 1,000 marks, or \$250. The currency of Austria is printed in two languages, Austrian on one side and Hungarian on the other, in order to accommodate his Majesty's (Francis Joseph) Magyar subjects. The engraving is profuse with artistic angel heads and rather elaborate scroll-work. The bill is printed on a light-colored, thick paper, but with none of the silk-fibre marks nor geometric lines used on our own currency as a protection against counterfeiting. Some of the more recently issued German bills, however, are printed upon paper very similar to that used for United States treasury notes.

The smallest denomination in Austrian currency is one florin, about 40 cents in our money. The denominations are from one florin to 1,000 florins. A noticeable peculiarity is the fact that, in exchanging, Austrians or Hungarians prefer the paper money of their own country to coin, while German, Swiss or French people invariably want coin in preference to currency. The reason for this is not known, unless it is because the smallest bill in Austrian currency is much smaller than the smallest bill of any other country, and the common people become more used to handling currency there than in the others.

Banque de Franc notes look like small show bills, with their blue and black lettering on white paper, ornamented with numerous mythological pictures. The lowest denomination is the 20-franc note, and the largest is 1,000 francs. Italian currency is issued in a great variety of sizes and colors. The smallest bills, 5 and 10 lire notes, equivalent to \$1 and \$2 bills, are about the same size as our old "shinplaster" fractional currency, and printed in pink, blue and carmine, on white paper. The latest issues are ornamented with a finely-engraved vignette of King Humbert. The larger notes are elaborately engraved and of artistic design.

The most striking bills are those of Russia. The 100-rouble bill is an elaborate affair, four by ten inches in size, and barred from top to bottom with every color of the rainbow, blended as when thrown through a prism. The centre is ornamented with a large, finely-engraved vignette of Catherine I. The colors used in printing are dark and light brown and black. The engraving is not elaborate, and the whole thing looks like a circus poster. The 25 and 50 rouble notes are much smaller and not so gorgeously colored. The smallest denomination in Russian currency is 5 roubles, about \$2.50 in United States currency.

GOLD AND SILVER IN BOLIVIA.

The development of Bolivia's mineral resources may well be claimed to be the most important of her national industries; for included in her prodigious mineral wealth, which numerous documents in European libraries prove to have influenced the political and monetary history not only of Spain, but of the entire commercial world, there are many gold, silver, copper, and tin ores, whose extraordinary richness gives a large profit margin, in spite of the excessive freight costs. The name and fabulous riches of Potosi are familiar to everyone. Its discovery in 1544 is among the oldest mineral records, and the products up to 1572 amounted to \$250,000,000; from 1572 to 1627, \$340,000,000; from the middle of the seventeenth to the eighteenth century, the records of Potosi show an annual average production of from \$2,500,000 to \$3,500,000; and, according to data contained in letters written to the King of Spain in 1627, the compilations of Friar Joseph G. De Acosta, and the Annals of Potosi, the Cerro Rico de Potosi, or Rich Silver Mountain, has produced up to the present time upwards of £400,000,000 sterling of silver.

The gold of Bolivia is derived from placer mines along the rivers coursing through the section of country embracing the eastern slopes and foothills of La Paz Cordillera. At the present time, gold mining operations are carried on in a primitive way by the natives, who wash the richer gravel deposits in the *batea*. The *batea* is a circular, shallow wooden dish or bowl eighteen inches in diameter, for separating, through continuous use of water, the grains of gold from the dirt, sand, pyritic matter, magnetic iron, etc., and is to the South Americans what the pan is to the California miner. It produces the most accurate and prompt separation, manipulated in experienced hands, and on many accounts is preferable to the North American pan. The gravity of the gold resists the centrifugal power of the water, and remains near the bottom of the vessel, forming the extreme point of a sector, while the lighter particles move forward toward the periphery, arranging themselves according to their specific weights, and spreading over successively greater areas in the sector. Where flat gold predominates (as in Tipuani), the *batea* is far superior to the pan, as the fibers of the wood exert a maximum friction in contact with the smooth, flat gold surfaces, working against the escape of the metallic particles that adhere tenaciously to the sides and bottom of the wooden pan.

Prior to 1825 the industry was erratic, and mining operations were frequently paralyzed by political troubles. Among the earliest interferences was the civil war in Spain in 1623, which extended to Potosi, causing abandonment and ruin. The war of independence in 1809, ending with the peace declaration of 1825, caused another suspension in mining and a general impoverishment of the country. Since the independence of the republic, however, mining enterprises have never been disturbed through political causes, and the irregularities occasioned by revolutionary movements have not extended to the mining regions or caused injury to corporations. On the contrary, the production of precious metals has never ceased to be encouraged and fostered; and, while miners are not required to pay taxes, the export duty of silver is only one peso or eight reals per mark (58 cents per 0.5065 pounds avoirdupois), gold being free, and machinery imported for exploitation entirely exempt from taxation.

The largest producing mines appear to be concentrated *par excellence* in the southern part of the republic, namely, in the departments of Potosi, Tarija, Chuquisaca, and Oruro. The former includes, besides the mines of Potosi, the Huanchaca and Quolquechaca groups, of which the controlling interests are owned by Señores Pacheco, Arce, and Ramirez, the bonanza kings of South American mining, who are reported to receive annually in the neighborhood of \$3,000,000 as their share in the combined dividends of these properties.—*Engineering and Mining Journal*.

WASHINGTON LETTER.

WASHINGTON, November 30, 1886.

To the Editor of the BANKER'S MAGAZINE:

The indications are decided, that no serious attempts will be made during the approaching session of Congress to disturb the existing *status* of the currency, as to either greenbacks, National bank notes, or silver, or to meddle with the tariff with the view of making it either more protective or less protective.

It seems to be certain, however, that there will be an organized and determined effort to reduce the revenues by repealing some of the taxes. But so far as the persons concerned in this effort many decide to propose the repeal of particular tariff taxes, they will select them from revenue points of view, and so as best to avoid raising an issue between free trade and protection.

The general grounds upon which revenue reduction is urged are the facts that there now remain uncalled only \$64,000,000 of bonds subject to call; that these will be paid off within rather less than a year, if the receipts from customs duties do not decline; that bonds not liable to be called can only be purchased in the market, and at such prices as the owners of them may combine to exact; and that in any event the premiums demanded will be higher than the country will be willing to pay.

On the other side it is said that there is no necessity for present action, and that plans of revenue reduction can very well be postponed till the next Congress assembles in December, 1887; that the Treasury officials,

having down to this time applied to the redemption of the debt all the money which they think can be prudently spared for that purpose, can apply hereafter to its redemption only such surplus as may accrue in the future; that if large reductions of revenue are made this winter the greater part of the \$64,000,000 of bonds subject to call will remain unpaid for an indefinite period; that it will be safer to defer the repeal of any taxes until all those bonds are actually paid off; that it is much easier to give up taxes than to reimpose them; and that the custom-house duties—always heretofore in our national experience a very fluctuating source of income—have in recent years yielded very abundantly, and must now be near a period of decline.

It is said that if bills for the repeal of taxes are introduced, as they doubtless will be, efforts will be made to engraft upon them provisos that the repeal shall not take effect until all the bonds subject to call are in fact redeemed. It is possible that no opposition would be made to provisos of that kind.

It is, of course, foreseen that it may be difficult for those who agree in desiring that the revenues should be reduced, to agree as to the method by which the reduction shall be brought about. Some parts of the country would, by preference, select for repeal the taxes on whiskey and tobacco, while in other parts of the country those articles are regarded as pre-eminently the most fitting objects of taxation. A proposition to repeal the sugar duties would now encounter the resistance, not only of the sugar-cane growers of the Gulf States, but of the Western farmers, whose belief is increasing that sugar can be abundantly and cheaply produced from the beet and from sorghum, and that by engaging in the cultivation of those crops they can partially if not wholly recoup the losses which they have suffered by the falling prices and diminished foreign markets for wheat, pork, and beef.

As the approaching session of Congress is very short, and as the necessary regular appropriation bills will be likely to be considered and discussed more critically than is usual, the probability would seem to be that no measure for the reduction of revenues can be matured and agreed to by both the Senate and House. But Congress, while its movements are ordinarily very slow, sometimes acts promptly.

A DOCTOR FOR A BANK.—The Bank of England has a regular medical attendant who is one of the standing officials of that institution. His duty is what his title indicates. He daily goes his rounds among the officers of the bank for the purpose of looking after their health. If an officer wishes a vacation on account of illness the bank doctor considers it his duty to make a confirmatory examination. He also considers it his duty to keep a constant watch over the condition and surroundings of the men in his charge, so as to see that in sanitary matters everything is as it should be.

AN OLD DEFINITION.—Our readers may be interested in the following, which was printed in *British Essayists*, April 26, 1709: Stock jobbers, who contract for a transfer of stock which they do not possess, are called sellers of bear-skins; and universally, whoever sells what he does not possess, is said proverbially to sell the bear's skin while the bear runs into the woods. In the language of Exchange-alley *bears* signify those who speculate in the stocks with a view to a fall in the price, and are said to growl them down; on the contrary, *bulls* speculate for a rise, and are said to toss them up."

INQUIRIES OF CORRESPONDENTS.

ADDRESSED TO THE EDITOR OF THE BANKER'S MAGAZINE.

I. UNDATED ACCEPTANCE.

\$1,000.

PATERSON, N. J., Oct. 25, 1886.

Fifteen days sight pay to the order of J. Jones, one thousand dollars, value received, and charge the same to account of
 To E. MAINES & Co., Boston, Mass. J. JONES.

Across the face was written : Accepted, payable at First National Bank, Boston, Mass. E. MAINES & Co

Will you kindly inform me when the above acceptance matures ? Also if demand of payment can be made and the same protested if not paid on Nov. 12, the date of maturity from Oct. 25, the date of the draft ?

REPLY.—In Chitty on Bills, 11th Ed., 205, the law is stated thus : "Where a bill, payable at days, usances, or otherwise, after sight, is accepted, it is usual and proper to require the drawer to certify or write the day of the presentment and of the acceptance, by which means, in case of dispute, the same evidence which will establish the hand-writing to the acceptance itself will also prove the time it was made," . . . "and *it seems* that if the acceptance be not dated, the presumption is that it was written on the day of the date of the bill." For this last statement he quotes Pardessus, a French writer of authority. Parsons, however, says (1 Notes and Bills, 2d Ed., 282), that if the date is not added, "it may be shown by evidence, and will then have the same effect as if it were written." In this state of the authorities the answer to the inquiry is not entirely clear. In our opinion, upon the authority of Chitty, which is very high, and upon the reason of the thing, the acceptance should be treated as though dated Oct. 25, the date of the bill, and consequently due and protestable Nov. 12. It seems to us that the acceptor, by neglecting to date his acceptance, must be assumed to have intended that it should be taken as bearing date of the date of the bill ; and that the burden of showing the precise day when the acceptance was given, ought not to be thrown upon the holder of the bill at the time of its maturity, as this would be a serious drawback to its use as a negotiable instrument. We have no doubt, for example, that a bank holding this acceptance for collection, would, in the absence of instructions, be justified, as between itself and its correspondent, in treating this acceptance as payable Nov. 12. As a practical question, however, in the present state of the authorities, we should consider it prudent to endeavor to find out the precise day when the acceptance was given, and if it is not paid Nov. 12, to present for payment and protest a second time, on the eighteenth day after the date of actual acceptance, if that can be discovered.

II. MARKING DISHONORED CHECKS.

When a customer instructs the bank to refuse payment of a check he has drawn, is it the duty of the bank, when check is presented for payment, to mark it *refused*, so as to prevent its negotiation ?

REPLY.—No. There is no such duty.

III. RESPONSIBILITY OF AGENT FOR COLLECTION.

On letter-head of our Chicago correspondent appears the following :

"This bank in receiving collections payable elsewhere than in Chicago, acts only as your agent, and does not assume any responsibility beyond due diligence on its part, the same as on its own paper."

Question : A check drawn on a bank in M——, Dakota, given us for collection; we send it to our Chicago correspondent, they in turn send it to the bank on whom check is drawn; payee holds check and make no returns for the amount. Can we hold Chicago Bank for amount of check?

This question has been raised, and we have decided to ask your opinion.

REPLY.—The Chicago Bank, by sending the check direct to the drawee bank in Dakota, made the latter its agent, and, according to the general rule, it would, in the absence of a special agreement, become liable for the defaults of such agent. (*Exchange National Bank v. Third National Bank*, 112 U. S., 276. *BANKER'S MAGAZINE*, vol. 39, p. 611. February, 1885.

The printed notice on the letter-head of the Chicago Bank was probably put there in view of the decision quoted above, and obviously is intended to give notice to all persons dealing with it of the terms upon which it undertakes to collect paper payable elsewhere than in Chicago. Assuming that this was brought to the attention of the inquirer, we think the check in question was sent to the Chicago Bank subject to the terms stated on the letter-head, and that a special agreement was made, which takes the case out of the general rule. The Chicago Bank is therefore not liable. See *Ætna Insurance Co. v. Alton City Bank*, 25 Ill., 243.

IV. REVOCATION OF PROXY TO VOTE AT BANK ELECTION.

A proxy to vote Q at a bank election to be held in January, 1885, was signed in blank, without date, and was not used by the party to whom it was given. Can the party holding the proxy date and use it at the election of the next year, 1886? Can said proxy come in before and cut out one given by the same party for the 1886 election, which he dates and fills up before signing, stating that it was for the 1886 election? I hold that the first one, not being used, could not be dated by the party holding it, as it was given for a prior occasion. What is your idea of it?

REPLY.—If a proxy to vote at a stockholders' meeting is signed in blank, an opportunity is no doubt given to the holder to date it as he pleases, and use it at a subsequent meeting, and the officers of the bank, presiding at the election, would be justified, in the absence of notice to the contrary, in treating it as a valid proxy.

A proxy to vote, however, is like a power of attorney in this, viz. : that it is ordinarily subject to revocation at any time. The proxy given by the stockholder in 1886 for the election of that year revokes all previous proxies, and should of course be recognized in preference to a proxy known to have been given for a former election, however the latter might be filled up and dated by the holder of it. A proxy is not a negotiable instrument, and the presumptions concerning the contents of negotiable instruments are only to be availed of by persons who take them *without notice*.

GRAND CALIFORNIA EXCURSIONS.—The Chicago, Rock Island and Pacific Railway announces grand first-class excursions to the Pacific Coast, leaving Chicago Dec. 7th, 8th and 29th, at extremely low rates.

BANKING AND FINANCIAL ITEMS.

REPORT AND RECOMMENDATIONS OF COMPTROLLER TRENHOLM.—The annual report of the Hon. William L. Trenholm, Comptroller of the Currency, contains suggestions for the amendment of the National bank laws in about a dozen instances, including the contingent liability of shareholders, requirements as to reserve, the limit on loans to individuals, more thorough examination of banks, and their protection against unequal State taxation. The specific character of these suggestions is withheld for the present. Three thousand five hundred and eighty National banks have organized in all, of which 2,858 are now in operation; of these 174 have been organized during the past year, with a capital of \$21,000,000; bonds, \$3,700,000; circulation, \$2,900,000. Twenty-four banks went into voluntary liquidation during the year, one ceased to exist by expiration of charter, and eight failed. The failed banks have an aggregate capital of \$650,000; surplus and undivided profits, \$204,000; liabilities, \$1,300,000. The creditors of two of these banks have been paid in full, principal and interest. In two cases dividends have reached 50 per cent., in one case 75 per cent., and in one 20 per cent. The total dividends paid during the year by all insolvent banks exceed \$1,600,000, and eight banks have been finally wound up and their accounts closed, leaving 25 insolvent banks still in the hands of receivers. Since the beginning of the system, in 1863, only 112 National banks have failed. Of these, 36 have paid their creditors in full and 20 have paid interest besides, 15 in full and 5 in part. An interesting comparison is made between National banks previously existing as State institutions and those originally organized under the National bank law. In each case only 3 per cent. of the number organized became insolvent.

Very full tables are given showing the distribution of the shares of stock in National banks in every State and Territory, distinguishing between the shares held by residents of the State and non-residents, by natural persons and by the various classes of corporations. Total shares over 7,000,000; total shareholders, 223,000. Over 90 per cent. of all National bank stock is held by residents of the State in which the bank is situated; more than 91 per cent. is held by natural persons, and over 96 per cent. of the number of shareholders are natural persons. Among the corporations holding National bank stock the greatest amount is held by Savings banks, trust companies, and insurance companies. More than half the entire number of shareholders hold 10 shares or less, about one-third hold over 10 shares but less than 50, while those holding more than 50 shares number but little more than one-ninth of the whole body.

The effect of the reduction of the public debt and the high premium on bonds upon the volume of National bank circulation is very fully illustrated in the report. The contraction in National bank circulation during the year exceeds \$56,000,000. Besides the usual tables showing the condition of National banks at various dates, the report this year contains an abstract which specifies each item of their resources and liabilities. The banks in the several States, reserve cities, and Territories have their condition stated separately. A large diagram exhibiting the main features of the National banking system and their variations during the past 21 years accompanies the report. From this it appears that the aggregate deposits in the banks have increased from \$522,000,000 in January 1866, to \$1,173,000,000 in October, 1886, while loans and discounts have risen from \$500,000,000 at the former date to \$1,443,000,000 at the latter date. The specie held by the National banks in 1866 was \$19,000,000; in October, 1875, it was only \$8,000,000, while in July, 1885, it was \$177,000,000, and is now \$156,000,000.

Mr. Trenholm declines to say whether his report contains any specific recommendations in regard to a modification of the law making United States bonds the basis of the National bank currency, but it is understood at the department that he has presented a strong array of facts and figures showing how valuable the system has become to the entire country, and how important it is that it should be made adaptable to the needs of communities in the West and South, where vast natural resources await development by the aid of outside capital.

THE N. Y. BANK TAX CASE.—Several prominent journals, says the *N. Y. Stockholder*, "have attempted to prejudice their readers against the National banking system, by making unfair insinuations in regard to the late movement of banks of this city to resist the evidently unjust discrimination in the levy of taxes for city, county and State purposes. The banks lost their case before the Circuit Court, perhaps because it is too important in its bearings to be decided otherwise by any less authority than the United States Supreme Court. A decision in favor of the banks would be a direct and powerful blow at the inequalities of taxation throughout the entire country. The National banks, and the State institutions as well, do not desire to avoid contributing a fair proportion to the financial needs of their city and State. As a matter of policy alone they could not afford to seek absolute exemption from taxation for all time. The general public have not had the matter placed before them, as it was presented to the Court. The averments of the brief of counsel, supported by the undisputed lists of corporate capital, show that 86 per cent. of other moneyed capital has been by statute exempted from the burdens which have been cast upon the shares of National banks. The attitude of the banks before the Courts and the people can be understood by considering that undisputed fact."

BANK TAXATION.—The counsel in the New York bank tax case said, with reference to the taxes paid by these institutions: "To-day, as in the past, they are ready to take upon themselves their patriotic duty; but they do feel that the State of New York has (perhaps not intentionally, but none the less effectually) so seriously discriminated against their shares, in favor of like property in the hands of neighbors and competitors, as to affect the profitable and the efficient operation of their corporate faculties. Let it be remembered that of the 'other moneyed capital,' properly so called, amounting to \$2,400,000,000, \$1,990,000,000 have been exempted from carrying the burdens of the State, thus casting upon the \$83,000,000 worth of shares of National bank stock an excessively heavy share of taxation; that for twenty years this unjust system of taxation has been endured by the shareholders of National banks, and that it only remains for the legislature of the State to so adjust its schemes of taxation as to impose an equal burden upon the exempted thousands of millions of dollars worth of moneyed capital, that it may constitutionally bring into the tax rolls of the city and State of New York the shares of stock of National banks located therein."

It has been authoritatively stated that an agency of the Bank of British North America will be opened at Vancouver as soon as the C. P. R. is completed to that point, probably next spring. The Bank of Montreal has a like intention.

Mr. O. D. Baldwin, President of the Fourth National Bank, N. Y. city, is spoken of as the probable successor of Secretary Manning in the Treasury Department.

SOUTH CAROLINA.—On the 15th day of December, 1885, the First National Bank of Asheville was opened for business. Its paid in capital was one hundred thousand dollars, authorized capital is five hundred thousand. Its officers were Wm. E. Breese, President; T. I. VanGilder, Vice-President; W. H. Penland, Cashier. Directors—T. I. VanGilder, Dr. G. W. Fletcher, J. A. Porter, Hon. Wm. A. Courtney, Mayor of Charleston, S. C.; W. W. Rollins, R. R. Rawls, C. E. Graham, Fred. A. Hull, W. E. Breese. Among the principal stockholders are Geo. W. Pack, Cleveland, Ohio; Pelzer Rogers & Co., Andrew Simonds, George W. Williams, Charleston, S. C.; Joseph A. Proctor, Geo. R. Bradford, bankers, Gloucester, Mass.; E. S. Wilkinson, banker, North Adams, Mass.; Cebra Quackenbush, Albany, N. Y., and a large number of the leading business men of Asheville and Western North Carolina. The bank began operations in the banking room of the Bank of Cape Fear of ante-bellum days. Its business prospering rapidly, soon convinced the managers that a more commodious and otherwise suitable building was necessary, and they purchased last April a building on South Court Square, and proceeded at once to thoroughly remodel the building in the most improved style of bank appointment, and have now moved into their new and elegant quarters.

To say the right word in the right place is important; for instance, when at a stationer's to call for some of Esterbrook's Falcon Pens, or any other of their popular styles.

MISSOURI.—The Farmers' Bank, Bowling Green, Mo. was incorporated in 1875, and has a capital of \$50,000. The officers are Judge John McCune, President; John W. Hendrick, Vice-President, and Samuel P. Griffith, Cashier. They have just moved into their new bank, said to be the best building in the county, with burglar proof vault, etc., and fitted in a manner suited to the volume of business done. The bank makes collections, issues bills of exchange, and sells passage tickets to and from all parts of Europe.

GEORGIA.—November 4th was a big day with the banks. The obligations of the farmers and planters generally for the past year were due. Guano, agricultural machinery, factorage, and supplies for the past season, representing an indebtedness of immense proportions, had matured. Some idea of its volume may be gained when a good authority estimated the transaction figures for the day of all the banks at between \$1,200,000 and \$1,500,000, derived mostly from obligated sources. One of the largest firms in the city, when asked about the liquidations, said they had been very fortunate, only a slight amount remaining on their books uncollected or unsecured.—*Augusta Chronicle*.

INDIANAPOLIS.—The First National Bank of Indianapolis has determined to go into voluntary liquidation, ample means having been provided to pay all depositors and all other liabilities in full, the opinion being generally expressed that the condition of the country, and the calling in of the bonds by the Government caused the National banking business to have at least poor prospects for the future, and that under present conditions the business was not likely to be either promising or profitable. The organization is to be kept up, and the business of the concern wound up gradually, with the view of making the most that is possible out of it. The bank is abundantly solvent and able to pay all its creditors on demand, but it only proposes to wind up its affairs and not take any new business. While the bank will pay its depositors in full, the outlook is not so promising for the stockholders. The bank was organized in May, 1863, and has had a remarkably successful career, until lately, when it has been involved in litigation and its business has steadily declined. In 1883 it came near failing, but Mr. English, Mr. Depauw, Mr. Claypool, and others took the matter up and reorganized the bank, scaling the stock 50 per cent. But it was too late. Mr. English shortly after withdrew, and now it is deemed best to close out what was once and for many years the greatest fiscal institution in the State.

WAR CLAIMS.—Third Auditor Williams in his annual report shows that the total number of claims, accounts and cases settled and disposed of during the fiscal year ended June 30, 1886, was 11,636, involving \$159,401,724, an increase over the fiscal year 1884-85 of 53 per cent. in the number of claims, etc., disposed of, and about 74 per cent. in the money involved. Referring to the State war claims, the auditor says that, while a full investigation has not been completed, a cursory examination unfolds gross irregularities, arising out of absolute carelessness or willful perpetration of fraud. The State of Indiana has been illegally allowed \$98,000, \$52,000 of this sum being discovered in 1874 and withheld from a credit found due the State; and upon investigation now, \$46,000 more, made up of accounts allowed in excess of vouchers presented, amounts allowed twice for the same service, and amounts allowed without vouchers, appear as a legitimate charge against the State. For want of a proper system in keeping the accounts, \$225,254 has been at various times since the close of the war of the rebellion paid to Vermont, which, instead, should have been applied to the indebtedness, amounting to \$543,780 charged against the State on the books of the ordnance office of the war department, being the money value of arms, equipments, etc., furnished by the United States in the years 1863-64, which have never been returned or accounted for. The auditor states that he is informed that the State sold the greater portion of these arms to a foreign country—Turkey—and deposited the proceeds, amounting to \$170,000, in her treasury. The claims of the State of Iowa are now receiving attention, and enough has been discovered to warrant the conclusion that a considerable sum has been unlawfully paid the State, growing out of reimbursements on account of advances to troops, the same services having been previously paid for by United States paymasters.

THE BANK OF TOPEKA, KANS.—John R. Mulvane, President; Byron Roberts, Cashier—capital \$200,000, surplus 55,000. This is one of the soundest and most ably managed financial institutions in the West. Its career has been characterized by sound judgment and well-balanced methods. The management of the bank is thoroughly conservative, and it has retained the confidence of the business community in the highest degree. In fact, its merit has been its peculiarly prudent and reliable management, so that no emergency has ever occurred in which its standing or strength could be liable to suspicion or doubt. It does a general banking business, and has its full proportion of discounts and deposits. Every facility is offered to the customers of the Bank of Topeka, and that its efforts in this direction have been appreciated is evidenced by the large patronage it enjoys. Its directors are men identified with the solid financial and commercial interests of the city. Its President, Mr. John R. Mulvane, is a gentleman whose sterling integrity and public-spirited actions are widely known and appreciated. He is a vigorous exponent of the soundest principles governing banking and finance.

ILLINOIS.—The *Canton Register* says that "the business public of Canton and Fulton counties will receive with interest the information that the stockholders in the private banking house of C. T. Heald & Co., of this city, whose five year partnership expires by limitation next February, will at the beginning of the new year open a National bank. The stock, of which the members of the present firm will take among them something more than half, will be \$50,000—double the capital invested in the existing institution—and in advance of the opening of subscription books the customers of the house have 'spoken for' almost all of the stock not to be reserved. The object in making the change is permanency of the establishment, chiefly. Probably but for the death of Mr Thornton and the removal of Mr. McCutchen, the partnership would have been renewed for another five-year term. But a reorganization being necessary, it was deemed best to make it under a National bank charter. It will be still, with its increased capital and greater number of stockholders, to all practical intents and purposes the same old concern, and certainly will lose nothing in the estimation and confidence of the banking community through this change of style and system. This is all that could be asked. To gain that community's greater reliance is neither necessary nor possible."

WILLIAM M. GRAHAM, at one time prominent in banking and political circles, and again an inmate of the penitentiary, died in Middletown, N. Y., on the 13th of November. His first start in the banking business was as Cashier of the old Middletown Bank, which position he resigned in 1857 to take the Presidency of the then newly established Wallkill Bank, afterward the Wallkill National, and he remained President and chief manager of the latter institution until it became insolvent in 1872. He was elected Treasurer of Orange County on the Democratic ticket in 1853, and was re-elected in 1856, serving altogether six years. In the fall election of 1867 he was chosen to represent the Orange and Sullivan district in the State Senate, and two years later he was returned for a second term. During his legislative career his connection with the Tweed ring measures of that corrupt period gained him an unenviable notoriety throughout the State. Six months after the close of his legislative term the Wallkill National Bank failed disastrously. Investigation showed that \$256,000 of the bank's funds were missing, together with more than \$100,000 of securities belonging to private parties that had been temporarily deposited in its vaults for safe keeping. President Graham and Cashier Charles H. Horton had dissipated the money in Wall street. Horton fled to Europe, where he has since remained. Graham was brought to trial in the United States District Court, before Judge Benedict and a jury, on charges of fraud and embezzlement, and was convicted and sentenced to 10 years' imprisonment at hard labor. After serving about half the term in the State prison at Clinton a petition numerously signed by his old Orange County friends and neighbors was effectual in securing his pardon by President Hayes. On his release, in April, 1877, he returned to Middletown and soon after took a place as attendant upon patients in the State Homeopathic Asylum for the Insane, and in this capacity he served satisfactorily to the asylum authorities until stricken down by a fatal malady. The last notable event in his checkered public career was his candidacy last spring on the regular Democratic town ticket for Justice of the Peace, when he made a surprisingly strong run and came within a few votes of being elected.

CASHIER A. B. SMITH, of the State National Bank, of Fort Worth, Texas, has resigned, to take effect January 13, 1887. It is Mr. Smith's intention to organize a new National bank there. Most of the capital is already subscribed by leading citizens of that section, and it is the intention to open up for business some time in January.

FRANCIS PALMS, an old resident and business man of Detroit, died there on the 24th of November quite suddenly. A few days before his death he was on the streets attending to his affairs, though weak from the slow inroads of disease and the accumulating infirmities of age. He was 76 years old. He was born in Belgium, his father being at the time a Commissary in the French Army. The family came to Detroit in 1833. After serving in responsible positions in one or two large business houses, Mr. Palms in 1846 started out for himself, and made a daring investment for those times, buying 40,000 acres of land from the Government in St. Clair and Macomb Counties, within 30 miles of Detroit. These tracts, carefully selected, he sold to actual settlers in small parcels, and from the profits thus realized laid the foundations for his subsequent fortune. A man of great sagacity and good judgment, his subsequent investments were uniformly good and in the same line. He early bought piece lands of the Government and realized immense sums by their appreciation in value during the past 20 years. He held several hundred thousand acres of choice tracts in Michigan and Wisconsin at his death. He was President of the People's Savings Bank, the largest institution of its kind in Detroit; of the Michigan Stove Company, of the Michigan Fire and Insurance Company, and was interested in quite a large number of minor business enterprises in that city. He was one of the original incorporators of the Detroit, Mackinaw and Marquette Railroad, Vulcan Furnace, and the Peninsular Land Company (Limited), in all of which he held a large amount of stock. He was also a large holder in the reorganization of the first named railroad that has been perfected within the past few weeks. The amount of his wealth is variously estimated at from \$7,000,000 to \$12,000,000.

CONTINENTAL MONEY.—The largest lot of Continental currency presented to the United States Treasury within the memory of present officials has just been presented by Mr. Elliott Seawell. Frequently small sums of these Continental notes are presented, but Mr. Seawell's collection amounts to \$3,370. They consist of \$50, \$55, \$60, \$70 and \$80 notes, issued by the Treasurer of the United States under acts passed by the Continental Congress, in Philadelphia, in the years 1778 and 1779. The notes are square-shaped, and in size hardly as large as a 10-cent shinplaster. They are simple in device, having very little engraving, and are consequently easy to counterfeit, as was discovered shortly after they were issued; for the Continental Congress itself passed an act which recognized the fact that many counterfeits were in the market. None of these notes are paid now, the reason assigned by the United States Treasurer for non-payment being that they cannot be proved to be genuine, and that the long lapse of time supposes the claims to be not genuine. As Controller Durham puts it now, quoting from a former opinion of Attorney General Black, "The hand of time has written 'Satisfaction' on its face so legibly that no man can disregard it." Treasurer Jordan referred the notes and the demand for payment to Controller Durham for his decision upon the liability of the United States Government in respect of these notes. The Controller's decision in this instance is a repetition of his opinion in every similar case which has recently come before him. The seal printed on these Continental notes was surrounded with the motto "Deus Regnat; Exultet Terra. That part of "Terra" represented by the present holders of Continental currency exults no more, for it has found that the ruling power has changed. It is no longer "Deus Regnat," but the Government of the United States, which refuses to pay a cent for a basketful of Continental notes.—*Washington Post*.

TEST FOR DETERMINING COUNTERFEIT SILVER.—The following test for deciding whether silver is good or bad is generally known as the "Mint Test," although the tests employed at the mint are weight and size: 24 grains nitrate of silver, 30 drops nitric acid, 1 oz. water. A drop of this will have no effect upon genuine silver, but will blacken a counterfeit. In case the suspected coin is plated, scrape the coin a little before applying the test. We print the above formula in response to many requests. Persons handling large amounts of this coin will have to rely upon the eye.

NEW BANKS, BANKERS, AND SAVINGS BANKS.

(Monthly List, continued from November No., page 291.)

<i>State.</i>	<i>Place and Capital.</i>	<i>Bank or Banker.</i>	<i>Cashier and N. Y. Correspondent.</i>
ALA....	Birmingham... \$500,000	Alabama National Bank. Joseph F. Johnston, <i>Pr.</i>	..... John W. Read, <i>Cas.</i>
CAL....	San Francisco.. \$200,000	California National Bank. Richard P. Thomas, <i>Pr.</i>	..... Chas. H. Ramsden, <i>Cas.</i>
DAK....	Hope.....	Bank of Hope..... (J. P. Brown & Son.)	Bank of N. Y. N. B. A.
" ..	Sioux Falls.... \$50,000	Citizens' National Bank.. Edward P. Beebe, <i>Pr.</i>	United States National Bank. Eben M. Hills, <i>Cas.</i>
ILL....	Bloomington... \$125,000	Robert P. Smith & Sons.. Robert P. Smith, <i>Pr.</i>	Kountze Bros.
IND....	Brazil.....	First National Bank..... Edward F. Lawrence, <i>Pr.</i>	United States National Bank. Chas. S. Andrews, <i>Cas.</i>
IOWA...	Northwood....	Northwood Bank..... (R. P. Johnson & Co.)	United States National Bank.
KAN....	Kanopolis \$50,000	Kanopolis State Bank.. David B. Long, <i>Pr.</i>	Bank of North America. Frank N. Rewick, <i>Cas.</i>
" ..	Bird City ... \$10,000	Farmers' & Merchants' B.. Wm. L. Darrow, <i>Pr.</i>	American Exchange Nat'l Bank.. Geo. A. Taylor, <i>Cas.</i>
" ..	Anthony.....	Anthony Bank..... W. H. Hurd, <i>Pr.</i>	.....
" ..	Ford.....	Bank of Ford..... (Ford & Farnum.)	Frank E. Ford, <i>Cas.</i>
" ..	Jewell City.... \$50,000	First National Bank J. D. Robertson, <i>Pr.</i>	Theo. Bartholow, <i>Cas.</i>
" ..	Lawrence ... \$100,000	Merchants' National B'k.. Geo. W. E. Griffith, <i>Pr.</i>	R. G. Jamison, <i>Cas.</i>
" ..	Lindsborg..... \$50,000	First National Bank..... B. F. Duncan, <i>Pr.</i>	National Park Bank. John A. Swenson, <i>Cas.</i>
MD....	Ellicott City... \$50,000	Patapsco National Bank.. Samuel K. George, <i>Pr.</i>	John F. McMullen, <i>Cas.</i>
" ..	Towson.....	Towson National Bank . John J. Cockey, <i>Pr.</i>	John Crowther, Jr., <i>Cas.</i>
MICH...	Midland..... \$25,000	Midland Co. Sav. Bank.. William Patrick, <i>Pr.</i>	Importers' & Traders' Nat'l Bank. Milton P. Anderson, <i>Treas.</i>
MINN...	Heron Lake....	Bank of Heron Lake..... A. A. Beebe, <i>Pr.</i>	T. E. Hills, <i>Cas.</i>
" ..	Mazeppa	Bank of Mazeppa..... (Fowler Bros.)	Mercantile National Bank. Homer T. Fowler, <i>Cas.</i>
NEB....	Nemaha City..	Nemaha City Bank..... James R. Noe, <i>Pr.</i>	Chas. H. Early, <i>Cas.</i>
" ..	Ansley.....	Ansley Banking Co..... B. F. Hake, <i>Pr.</i>	American Exchange Nat'l Bank. C. J. Stevens, <i>Cas.</i>
" ..	Henningford... \$3,000	Farmers' & Traders' B'k.. J. R. Ratcliff, <i>Pr.</i>	Chemical National Bank. E. A. Coates, <i>Cas.</i>
" ..	McCook..... \$20,000	Farmers' & Merchants' B..	Chemical National Bank. Frank H. Spearman, <i>Cas.</i>
N. Y....	Brooklyn.....	Bedford Bank..... \$100,000 Eugene G. Blackford, <i>Pr.</i>	First National Bank. Douglass R. Satterlee, <i>Cas.</i>
" ..	Frankfort.....	First National Bank, \$50,000 Henry Churchill, <i>Pr.</i>	National Park Bank. Alex W. Haslehurst, <i>Cas.</i>
N. C....	Hickory.....	Bank of Hickory..... \$30,000 Henry Mershon, <i>Pr.</i>	National Park Bank. D. W. Shuler, <i>Cas.</i>
OHIO...	Galion.....	Galion National Bank.. \$60,000 George Snyder, <i>Pr.</i>	National Bank of Republic. O. L. Hays, <i>Cas.</i>
TEXAS..	Farmersville... \$20,000	Exchange Bank..... Eldridge H. Pendleton, <i>P.</i>	Hanover National Bank. James A. Aston, <i>Cas.</i>
WIS. ...	Ashland.....	First National Bank..... \$50,000 Edwin Ellis, <i>Pr.</i>	..... Walter R. Sutherland, <i>Cas.</i>

CHANGES OF PRESIDENT AND CASHIER.

(Monthly List, continued from November No., page 393.)

	Bank and Place.	Elected.	In place of
N. Y. CITY.—	West Side Bank.....	W. B. Dobler, <i>Pr.</i>	Geo. Moore.*
		W. P. Davis, <i>Cas.</i>	W. B. Dobler.
ALA....	Alabama National Bank.....	T. B. Lyons, <i>V. P.</i>.....	.....
CAL....	Santa Rosa National Bank, } Santa Rosa. }	J. H. Brush, <i>V. P.</i> S. R. Cooper, <i>Ass't Cas.</i>.....	..... .....
" ..	First Nat'l Bank, Modesto.....	J. E. Ward, <i>Cas.</i>	S. P. Rogers.
DAK ...	First National Bank, Huron.....	J. W. Mackenzie, <i>Cas.</i>	R. W. Holmes.
" ..	Citizens' Nat'l B'k, Sioux Falls.	J. M. Bailey, Jr., <i>V. Pr.</i>.....	.....
FLA....	First Nat'l B'k, St. Augustine.	Geo. Burt, <i>V. P.</i>	B. F. Olivers.
IND....	Rushville Nat'l B'k, Rushville.	Jon Megee, <i>Ass't Cas.</i>	B. F. Pitman.
" ..	First National Bank, Brazil..	W. H. Zimmerman, <i>V. P.</i>.....	.....
IOWA...	Council Bluffs Sav. B., Coun. B.	A. W. Riekman, <i>Cas.</i>	A. A. Watts.
KAN....	Exchange National Bank, } Downs. }	F. Everest, <i>V. Pr.</i> Wm. Mellen, <i>Ass't Cas.</i>.....	..... .....
" ..	First National Bank, } Greenleaf. }	F. Everest, <i>V. Pr.</i> Eugene Nims, <i>Ass't Cas.</i>.....	..... .....
" ..	Hutchinson N. B., Hutchinson.	F. R. Chrisman, <i>V. Pr.</i>	G. W. Hardy.
" ..	First National B'k, Lindsborg.	J. W. Bean, <i>V. P.</i>.....	.....
" ..	First National Bank, Lyons....	Wm. Lowrey, <i>V. P.</i>.....	.....
" ..	Merchants' Nat'l B., Lawrence.	W. W. Cockins, <i>V. P.</i>.....	.....
" ..	State National Bank, } Wellington. }	Wm. Myers, <i>V. P.</i> J. G. Smith, <i>Ass't Cas.</i>.....	..... .....
KY....	First Nat'l B'k, Elizabethtown.	J. S. Grimes, <i>Cas.</i>	S. R. Robertson.*
MD....	National Marine Bank, } Baltimore. }	J. M. Littig, <i>Pr.</i> James V. Wagner, <i>Cas.</i>	J. I. Middleton. J. M. Littig.
" ..	Patapsco N. B., Ellicott City...	Edward A. Talbott, <i>V. Pr.</i>.....	.....
MASS...	First National Bank, Danvers..	G. A. Tapley, <i>Pr.</i>	Daniel Richards.*
" ..	Citizen's N. B., New Bedford..	Edward S. Brown, <i>Cas.</i>	Thomas B. Fuller.*
" ..	First Nat'l B'k, Northampton.	Henry F. Williams, <i>Pr.</i>	Wm. B. Hale.
" ..	Franklin Co. N. B., Greenfield.	John Sanderson, <i>Pr.</i>	Henry K. Simons.
MINN...	First Nat'l Bank, Albert Lea. .	James F. Jones, <i>V. P.</i>.....	.....
" ..	Mankato Nat'l Bank, Mankato. .	Z. G. Harrington, <i>V. Pr.</i>.....	.....
NEB....	First National B'k, Clay Center.	L. D. Fowler, <i>V. Pr.</i>.....	.....
" ..	First National Bank, Crete....	L. H. Denison, <i>Cas.</i>	Samuel Waugh.
" ..	First Nat'l Bank, North Platte.	Wm. B. Conklin, <i>Cas.</i>	James Sutherland.
N. H....	Citizens' National B'k, Tilton..	S. W. Davis, M. D., <i>Pr.</i>	Austin F. Pike.*
N. Y....	Erie Co. Savings Bank, Buffalo.	R. S. Donaldson, <i>Sec & T.</i>	Cyrus P. Lee.*
" ..	First National Bank, } Ellenville. }	Isaac Corbin, <i>Pr.</i> Nial C. Elting, <i>Cas.</i>	Gilbert DuBois.* Isaac Corbin.
" ..	First National Bank, } Frankfort. }	H. G. Munger, <i>V. Pr.</i> Geo. H. Watson, <i>Ass't C.</i>.....	..... .....
" ..	Oneida National Bank, } Utica. }	Robt. S. Williams, <i>Pr.</i> Geo. L. Bradford, <i>Cas.</i>	A. J. Williams.* Robt. S. Williams.
" ..	First Nat'l B'k, Mechanicsville.	A. J. Harvey, <i>Cas.</i>	Stephen C. Bull.
" ..	First National Bank, Rome....	N. F. Thomas, <i>Ass't Cas.</i>.....	.....
OHIO...	Farmers' & Mechanics' N. B., }	Melford J. Brown, <i>Pr.</i>	Chas. M. Hogg.
" ..	Cadiz. }	C. O. F. Brown, <i>Cas.</i>	Melford J. Brown.
" ..	Galion National Bank, Galion.	J. Kesselmeier, <i>V. P.</i>.....	.....
" ..	Third Nat'l Bank, Circleville..	W. J. Weaver, <i>V. Pr.</i>	Alex Smith.
PENN...	First Nat'l Bank, Glen Rock...	F. W. Brown, <i>Cas.</i>	Henry Seitz.
" ..	First Nat'l B'k, Mechanicsburg.	Geo. Hummel, <i>Pr.</i>	Solomon P. Gorgas.
" ..	Wyoming N. B., Wilkesbarre	Geo. H. Flannagan, <i>A. C.</i>.....	.....
" ..	Farmers' Nat'l B'k, Lancaster.	C. A. Fon Dersmith, <i>Cas.</i>	Edwin H. Brown.
R. I....	Pawtucket Inst. for Sav. Pawt.	Chas. P. Moies, <i>Treas.</i>	Thomas Moies.*
" ..	Pacific Nat'l B'k, Pawtucket...	Chas. L. Knight, <i>Cas.</i>	Thomas Moies.*

* Deceased.

	<i>Bank and place.</i>	<i>Elected.</i>	<i>In place of</i>
TEXAS	Colorado Nat'l B'k, Colorado.	Wm. Martin, <i>V. Pr.</i>	J. A. Peacock.
"	State National Bank, El Paso..	J. C. Lackland, <i>Cas.</i>	Wm. H. Austin.
"	Citizens' Nat'l B., Waxahachie.	O. E. Dunlap, <i>V. P.</i>	J. W. Ferris.
VT.....	Northfield, Nat'l B., Northfield.	H. R. Brown, <i>A. Cas.</i>.....	.....
WASH. T	First National Bank, Olympia..	W. P. Book, <i>Pr.</i>	John P. Hoyt.
ONT....	Canadian B'k of Com., Barrie.	H. H. Morris, <i>Mgr.</i>	Wm. Gray.

OFFICIAL BULLETIN OF NEW NATIONAL BANKS.

(Continued from November No., page 392.)

<i>No.</i>	<i>Name and Place.</i>	<i>President.</i>	<i>Cashier.</i>	<i>Capital.</i>
3581	Galion National Bank..... Galion, O.	George Snyder,	O. L. Hays,	\$60,000
3582	First National Bank..... Frankfort, N. Y.	Henry Churchill,	A. W. Haslehurst,	50,000
3583	First National Bank..... Brazil, IND.	Edward F. Lawrence,	Chas. S. Andrews,	50,000
3584	Merchants' National Bank..... Lawrence, KAN.	Geo. W. E. Griffith,	Robt. G. Jamison,	100,000
3585	Patapsco National Bank..... Ellicott City, MD.	Sam'l K. George,	John F. McMullen,	50,000
3586	Citizens' National Bank..... Sioux Falls, DAK.	Edward P. Beebe,	Eben M. Hills,	50,000
3587	Alabama National Bank..... Birmingham, ALA.	Joseph F. Johnston,	John W. Read,	500,000
3588	Towson National Bank..... Towson, MD.	John J. Cockey,	John Crowther, Jr.,	50,000
3589	First National Bank..... Lindsborg, KAN.	B. F. Duncan,	John A. Swenson,	50,000
3590	First National Bank..... Ashland, WIS.	Edwin Ellis,	Walter R. Sutherland,	50,000
3591	First National Bank..... Jewell City, KAN.	J. D. Robertson,	Theo. Bartholow,	50,000
3592	California National Bank..... San Francisco, CAL.	Richard P. Thomas,	Chas. H. Ramsden,	200,000

CHARGED WITH EMBEZZLEMENT.—Considerable mystery envelopes the affairs of the First National Bank of Glenrock, York county, Pa. Within a short time the president and cashier have been deposed, and new officers elected. The reason for this action was not made apparent until the issuance of warrants by Henry R. Edmunds, United States Commissioner, for the arrest of William Herbst, late president of the bank, and Henry Seitz, late cashier, and Jacob S. Herbst and William H. Herbst, sons of the president, the Herbsts composing the firm of Herbst & Sons, of Glenrock.

United States Marshal Kerns caused the arrest of all the parties simultaneously on the morning of Nov. 27. William Herbst was arrested at Glenrock and was brought to Philadelphia that evening. Seitz was arrested at the residence of his son-in-law in this city. Jacob S. Herbst was arrested in a store at Greenmount avenue and Chase street, Baltimore, Md., and William H. Herbst was arrested in a store on Gay street, near High, in the same city, where he was supposed to have secured employment. Seitz had a preliminary hearing before Commissioner Edmunds the same afternoon, and upon information furnished by Marshal Kerns, he was held in \$5,000 bail for a further hearing.

CHANGES, DISSOLUTIONS, ETC.

(Monthly List, continued from November No., page 394.)

- ARK.... Pine Bluff..... First Nat'l B'k is insolvent, placed in the hands of a receiver.
- DAK.... Sioux Falls ... Citizens' Bank; now Citizens' National Bank, under same management.
- IND.... Brazil Brazil Bank; succeeded by First National Bank.
- IOWA... Cambridge..... Citizens' Bank (W. H. Gallup); now Gallup & Keller, props.
- " .. Marshalltown .. Commercial National B'k, has gone in voluntary liquidation.
- " .. Mount Ayr..... Mount Ayr Bank (Morris & Allyn); now Allyn Bros., props.
- KAN.... Cherokee..... Cherokee Bank (W. H. Cogshall & Co.); now Geo. W. Pye & Co., proprietors.
- " .. Lawrence..... Merchants' Bank; now Merchants' National Bank, same officers and correspondents.
- " .. Lindsborg..... Bank of Lindsborg; succeeded by First National Bank, same officers and correspondents.
- " .. Medicine Lodge. McNeal, Little & Thompson; suc. by Citizens' National B'k.
- " .. Moline..... Bank of Moline (Childs & Colby); removed to Ellis, under title of Bank of Ellis.
- " .. Oberlin..... Citizens' B'k (R.O. Kindig & Co.); now State B'k incorporated.
- MICH... Milford..... First National Bank; succeeded by Milford State Bank, same officers and correspondents.
- MO.... Kansas City.... Jarvis, Conklin & Co.; succeeded by Jarvis-Conklin Mortgage Trust Co.
- " .. Sheldon..... Bank of Sheldon; has voluntarily discontinued.
- NEB.... Alma..... State Bank of Alma; now First National Bank, same officers and correspondents.
- OHIO... Hubbard..... Hubbard National Bank, gone into voluntary liquidation; succeeded by Hubbard Banking Co., same officers and correspondents.
- " .. Lima..... Merchants' National Bank; succeeded by Merchants' Bank (Mehaffey & Thrift, Jr.).
- W. VA.. Kingwood..... National Bank of Kingwood, gone into voluntary liquidation; succeeded by Bank of Kingwood, under same management.

The reports of the New York Clearing-house returns compare as follows:

1886.	Loans.	Specie.	Legal Tenders.	Deposits.	Circulation.	Surplus.
Nov. 6...	\$340,994,900	\$77,070,000	\$16,242,600	\$350,718,800	\$8,173,200	\$6,632,900
" 13...	341,946,800	78,005,200	17,816,000	351,719,400	8,116,100	7,801,350
" 20...	341,833,500	80,709,700	17,912,000	354,846,800	8,020,400	9,930,000
" 27...	344,545,000	79,554,000	18,240,700	355,707,800	7,991,700	8,867,750

The Boston bank statement is as follows:

1886.	Loans.	Specie.	Legal Tenders	Deposits.	Circulation.
Nov. 6.....	\$146,528,400	\$9,727,800	\$3,403,500	\$110,097,500	\$14,200,800
" 13.....	146,233,300	9,675,400	3,464,700	110,642,700	13,807,000
" 20.....	145,060,400	10,154,900	2,875,900	110,558,700	13,790,200
" 27.....	143,902,500	10,650,800	2,982,400	108,368,000	13,788,500

The Clearing-house exhibit of the Philadelphia banks is as annexed:

1886.	Loans.	Reserves.	Deposits.	Circulation.
Nov. 6.....	\$86,456,100	\$23,312,800	\$84,666,700	\$4,211,810
" 13.....	86,882,800	23,565,100	85,584,700	4,223,000
" 20.....	87,005,400	23,506,100	85,931,600	4,243,000
" 27.....	86,656,500	23,387,200	86,946,300	4,243,750

FLUCTUATIONS OF THE NEW YORK STOCK EXCHANGE, NOVEMBER, 1886.

Opening, Highest, Lowest and Closing Prices of Stocks and Bonds in November.						
GOVERNMENTS.			RAILROAD STOCKS.			
Interest Periods.	Open- ing.	High- est.	Low- est.	Clos- ing.	Open- ing.	High- est.
Nov. 15, 1897.....reg.	111 1/2	111 1/2	109 1/2	110 1/2	East Tenn., Va. & Ga. Do, pref.....	—
Nov. 15, 1897.....coup.	128 1/2	129 1/2	127	128 1/2	Erie.....	36 1/2
Nov. 15, 1897.....reg.	128 1/2	129 1/2	127	128 1/2	Do, pref.....	38 1/2
Nov. 15, 1897.....coup.	128 1/2	129 1/2	127	128 1/2	Houston & Texas.....	34 1/2
Nov. 15, 1897.....reg.	128 1/2	129 1/2	127	128 1/2	Illinois Central.....	34 1/2
Nov. 15, 1897.....coup.	128 1/2	129 1/2	127	128 1/2	Indiana, Bloom'g & Western.....	20 1/2
Nov. 15, 1897.....reg.	128 1/2	129 1/2	127	128 1/2	Louisville & Nashville.....	58 1/2
Nov. 15, 1897.....coup.	128 1/2	129 1/2	127	128 1/2	Louisville N. Alb. & Chic.....	67 1/2
Nov. 15, 1897.....reg.	128 1/2	129 1/2	127	128 1/2	Lake Shore.....	96 1/2
Nov. 15, 1897.....coup.	128 1/2	129 1/2	127	128 1/2	Lake Erie & Western.....	15
Nov. 15, 1897.....reg.	128 1/2	129 1/2	127	128 1/2	Lake Erie & Western.....	15
Nov. 15, 1897.....coup.	128 1/2	129 1/2	127	128 1/2	Lake Erie & Western.....	15
Nov. 15, 1897.....reg.	128 1/2	129 1/2	127	128 1/2	Lake Erie & Western.....	15
Nov. 15, 1897.....coup.	128 1/2	129 1/2	127	128 1/2	Lake Erie & Western.....	15
Nov. 15, 1897.....reg.	128 1/2	129 1/2	127	128 1/2	Lake Erie & Western.....	15
Nov. 15, 1897.....coup.	128 1/2	129 1/2	127	128 1/2	Lake Erie & Western.....	15
Nov. 15, 1897.....reg.	128 1/2	129 1/2	127	128 1/2	Lake Erie & Western.....	15
Nov. 15, 1897.....coup.	128 1/2	129 1/2	127	128 1/2	Lake Erie & Western.....	15
Nov. 15, 1897.....reg.	128 1/2	129 1/2	127	128 1/2	Lake Erie & Western.....	15
Nov. 15, 1897.....coup.	128 1/2	129 1/2	127	128 1/2	Lake Erie & Western.....	15
Nov. 15, 1897.....reg.	128 1/2	129 1/2	127	128 1/2	Lake Erie & Western.....	15
Nov. 15, 1897.....coup.	128 1/2	129 1/2	127	128 1/2	Lake Erie & Western.....	15
Nov. 15, 1897.....reg.	128 1/2	129 1/2	127	128 1/2	Lake Erie & Western.....	15
Nov. 15, 1897.....coup.	128 1/2	129 1/2	127	128 1/2	Lake Erie & Western.....	15
Nov. 15, 1897.....reg.	128 1/2	129 1/2	127	128 1/2	Lake Erie & Western.....	15
Nov. 15, 1897.....coup.	128 1/2	129 1/2	127	128 1/2	Lake Erie & Western.....	15
Nov. 15, 1897.....reg.	128 1/2	129 1/2	127	128 1/2	Lake Erie & Western.....	15
Nov. 15, 1897.....coup.	128 1/2	129 1/2	127	128 1/2	Lake Erie & Western.....	15
Nov. 15, 1897.....reg.	128 1/2	129 1/2	127	128 1/2	Lake Erie & Western.....	15
Nov. 15, 1897.....coup.	128 1/2	129 1/2	127	128 1/2	Lake Erie & Western.....	15
Nov. 15, 1897.....reg.	128 1/2	129 1/2	127	128 1/2	Lake Erie & Western.....	15
Nov. 15, 1897.....coup.	128 1/2	129 1/2	127	128 1/2	Lake Erie & Western.....	15
Nov. 15, 1897.....reg.	128 1/2	129 1/2	127	128 1/2	Lake Erie & Western.....	15
Nov. 15, 1897.....coup.	128 1/2	129 1/2	127	128 1/2	Lake Erie & Western.....	15
Nov. 15, 1897.....reg.	128 1/2	129 1/2	127	128 1/2	Lake Erie & Western.....	15
Nov. 15, 1897.....coup.	128 1/2	129 1/2	127	128 1/2	Lake Erie & Western.....	15
Nov. 15, 1897.....reg.	128 1/2	129 1/2	127	128 1/2	Lake Erie & Western.....	15
Nov. 15, 1897.....coup.	128 1/2	129 1/2	127	128 1/2	Lake Erie & Western.....	15
Nov. 15, 1897.....reg.	128 1/2	129 1/2	127	128 1/2	Lake Erie & Western.....	15
Nov. 15, 1897.....coup.	128 1/2	129 1/2	127	128 1/2	Lake Erie & Western.....	15
Nov. 15, 1897.....reg.	128 1/2	129 1/2	127	128 1/2	Lake Erie & Western.....	15
Nov. 15, 1897.....coup.	128 1/2	129 1/2	127	128 1/2	Lake Erie & Western.....	15
Nov. 15, 1897.....reg.	128 1/2	129 1/2	127	128 1/2	Lake Erie & Western.....	15
Nov. 15, 1897.....coup.	128 1/2	129 1/2	127	128 1/2	Lake Erie & Western.....	15
Nov. 15, 1897.....reg.	128 1/2	129 1/2	127	128 1/2	Lake Erie & Western.....	15
Nov. 15, 1897.....coup.	128 1/2	129 1/2	127	128 1/2	Lake Erie & Western.....	15
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Nov. 15, 1897.....reg.	128 1/2	129 1/2	127	128 1/2	Lake Erie & Western.....	15
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NOTES ON THE MONEY MARKET.

A FINANCIAL AND COMMERCIAL REVIEW.

The past month has brought but slight changes in the business situation, as there has been but moderate improvement or decrease in the volume of trade from the previous month in the various industries which go to make up the full measure of this country's prosperity. In the great iron interests, which are taken as the accepted index of the general condition of business, the flattering situation of a month ago still continues without exception or abatement. There is scarcely, if any, branch of this industry that is not only not fully employed to its utmost capacity, but also that is not contracted ahead for three to six months for its entire production. To such a point have orders for the future been booked that the manufacturers are in the most independent position for years, and where they could have dictated a sharp advance in prices, at any time in the last thirty days, had they so desired. There has been a steady, gradual hardening of prices as a result of light stocks in both first and second hands, and of the widening demand. But this has come without the aid or assistance of the manufacturers, except as some have reached a point at which they decline to make further contracts ahead at the present basis of prices. Nothing can show more plainly, therefore, the legitimate, healthy, and sound basis of the present improvement in the iron trade, nor contrast it more clearly with the last recovery in 1878-80, when speculation led the reaction and ran wild on the flood tide of returning prosperity, to plunge it into a deeper gulf of depression than before. Then the manufacturers helped and in fact urged on that speculation, which they might have prevented, as they are doing now, until it carried them with it, and did not spend itself until the prices had been run so high as to open our markets for a "dumping ground" to Europe, whose enormous surplus was then thrown upon us, and left here to drag our home product down with it, until there was such a loss in producing it, as to close our factories and mills until this glut from Europe could be worked off.

It was this sad experience that has made our ironmongers a wiser body of merchants. Hence they are discouraging an advance now, and resisting any tendency toward a speculation in iron that shall get beyond their control and run prices high enough to admit European production to any extent. They are content with moderate profits, that they may keep our markets to themselves and find permanent employment for their capital and plant, rather than invite increased home as well as foreign competition, by enormous profits for a year or two, to run at a loss, or, what is still worse, shut down for two or three more, until the over-production caused by high prices and speculation has been worked off.

In this respect the iron trade is also an index of other trades in which legitimate business is taking the lead in this recovery, instead of the speculation of 1878-82, which swamped the business interests of the whole country and entailed the extreme depression of the past four years, which have been consumed in liquidating the inflation of the previous four years, both of

which might have been avoided by pursuing the policy that has been adopted now by those who control the legitimate business interests of the country.

Hence the real improvement in our great industries, while less seen, because less speculative noise is made about it, is actually more general and radical than we realize, by comparison with the wild activity of 1879-82, when speculation doubled the volume of actual business without contributing one dollar to the actual wealth and prosperity of the country. Measured by this standard therefore, a comparison of the clearings of the banks of the country now with those of 1878-79 will show the real condition of legitimate business and reveal the fact that the industrial activity of the two periods is largely in favor of the present, although the commercial transactions are smaller, because they included the speculative operations of the former. This is a condition of affairs that the country can well afford to see, for while the great body of middlemen, swollen by the army of speculators, raised from 1879 to 1882, are having a hard time to make ends meet, because the public is not speculating but attending to its legitimate business, those who are producing wealth instead of consuming what others produce, are well and profitably employed, as well as the capital invested in legitimate enterprise.

In this view it is easy to see why the business prospects of the country are still made a matter of question. So long as this army of speculators and their brokers are kept on short rations, so long will they talk and the country hear of hard times. But the longer they are thus kept, the richer the country will grow, and the more prosperous will the producing classes of all kinds of property become, because the former can only thrive at the expense of the latter, and the sooner the first is starved out and compelled to go into some productive instead of a consumptive business the better for themselves and every one else.

What speculation there is to-day, is mostly in Wall street and railroad stocks, where it was formerly confined, and therefore the least harmful. Before, it spread into the staples of commerce, and, worst of all, into the necessities of life, which affected every man, woman and child in the community, while speculation in securities only affects the capital or investing classes who have a surplus over the supply of their daily wants, which large portions of the laboring classes have not.

This is also another healthy sign of these times, which indicates a return to old-time and business methods. Here is found one reason that prices of these old speculative favorites—railroad securities—have advanced in the last year in the face of a continued decline in most of the necessities of life, namely, food supplies; while the necessities of life and of commerce—namely, manufactured goods—have slowly but steadily improved.

This explains the fundamental principle upon which is based the present business situation, and shows wherein it differs from that underlying our last period of recovery. It also points the way to a more general and permanent prosperity than this country has ever seen, provided the differences between capital and labor, in regard to the redistribution of the profits of their combined product, based upon the increased power of production by machinery, shall be speedily as well as satisfactorily, and therefore permanently settled. That the greatest good of the greatest number is the greatest good of all, is self-evident; and if labor-saving machinery is to be made a blessing instead of

a curse to the many it temporarily displaces, its benefits must surely be shared equitably by all, instead of alone by the owner of the machine, as hitherto.

If the labor-saving machine is to civilization what its name implies, it will never fulfill its mission, until it does save the owner of labor, time, as well as the owner of capital. This clearly means shorter hours and better pay to labor, by reason of its increased productive power. This is the inevitable logic of the situation, and the sooner our industrial interests are reconstructed upon that basis and such redistribution of profits granted, the sooner will labor strife cease, and the lasting security of property and permanent prosperity be restored. Surely property in labor, the source of all wealth, is not less sacred than property in capital, the product of labor. Destroy or degrade labor and its product becomes insecure, and finally deteriorates, and is destroyed. But when the product, capital, only is destroyed as by fire or flood, labor soon restores it as before. The longer, therefore, this greatest of all political, commercial, industrial, social, and humane questions is unsettled, the longer will our prosperity, peace, security, and happiness, as a nation and individuals, be postponed; hence it should receive the first and most candid attention.

The curse of speculation, as shown above, seems to be curing itself by the natural operations of the laws of trade, namely, supply and demand. But the industrial question—the Labor Problem—must be treated upon the higher plane of humanity as well as upon a commercial basis. The law of supply and demand will pauperize labor, because the supply of machines with which labor must compete can be increased without limit. The wrong of placing a man on the level of this new competitor, the machine, which has neither to be nursed in infancy, educated in youth, fed, clothed, warmed, or provided with homes, social surroundings, and the support of families after maturity, is apparent.

This analysis of the labor question in general shows too plainly the cause of the increased number of special cases which have occurred the past month, and this explanation is required to show that while the particular occasion of each case may have varied, the great underlying root of these growing evils is the same, and must be removed before the genuine and general prosperity for which all classes are looking and longing, can ever come to stay. This is now the great stumbling-block to business of all kinds, and it will exist till this widespread discontent is replaced with contented, secure, comfortable industrious, thrifty, and prosperous masses, and the hostility of classes and class distinctions removed.

Nothing would so enhance the value of property and security of vested rights as the restoration of the confidence and friendship between capital and labor that should naturally exist, and would return if both would agree to settle their disputes on the basis of fair play, and the old maxim of live and let live.

Further than these labor troubles, there has been little or no change in the business situation since last month. Our export trade has improved, gold imports have continued, though not on a large scale, due in part to the continued purchase of our railroad stocks by Europe. Money, with a few temporary exceptions has worked easier, on the return of currency from some

portions of the interior where the bulk of the surplus crops has been moved to market as it has earlier than usual this year, because of tighter money and poverty of farmers, which has compelled this early marketing. The bank reserve has accordingly begun to increase again, and the money market has ceased to be a leading factor in speculation or business again.

Railroad earnings, as indicated in former issues, have not kept up to the promises of the early autumn, notwithstanding the free and early movement of the crops, while the talk of advancing rates after the close of inland navigation has proved to be folly, as we predicted, because the present low prices of farm produce could not stand higher rates of freight than by water, on which the heavy movement has mostly occurred. Yet the stock market has been worked up by the cliques whose large holdings made it to their interest to do so and unload if possible before the decreased winter traffic makes earnings show still smaller. Trunk Line shipments from Chicago show the true condition of the general railroad system of the country. It will therefore be seen that whatever merit there may have been in some of the specialties that have been boomed, that there is little ground for much advance in prices over a month ago, even if Lake Shore has been made to earn a fair dividend by giving it the cream of the Chicago traffic, at the expense of Michigan Central and Canada Southern, as has so often been done, to bull one of these stocks at the expense of the other. For this is the only way its earnings could have been increased while the Trunk Line shipments were falling steadily off. This stock, with Reading, has been made the pivot of the last bull campaign, although the latter is just where it was months ago, except in the rosy syndicate prospects of the future, which, though much improved, are far from being realized in actual earnings or decrease in fixed charges.

The bear raiding and depression in the grain markets has been continued by the "Big Four" of Chicago, who seem bent on impoverishing the American farmer as much as possible, while letting Europe take our surplus wheat at the lowest price these bears can make in face of the best export demand in years, with Europe dependent upon us for her deficit of 25 per cent. on lost crops, with millions less reserves and stocks than for years.

The great packers' lock-out, or strike, as it has been indiscriminately styled, in Chicago suspended all but imperative business in provisions, which neither advanced on the light stocks produced by the strike, nor declined on resumption of operations at the Chicago stock yards, and of heavy receipts of hogs all over the West. As both these effects were anticipated, the trade has been nonplussed at the course of the market, and has held off except in the shipment of old purchases of lard and bacon to Europe, which have materially increased.

The flour market has been more active and advanced more than wheat with large export demand, on which the larger millers of the West have contracted all their make of shipping grades till the middle of January, and could have done so up to May, but they refused, except at a material advance, which shippers refused to pay, as that would have equalized flour with our wheat, which has ruled higher than flour.

Cotton has dragged along in the same rut of depression and low prices as grain, because there has been little speculation in this staple, and the only

stimulus to buying has had to come from Liverpool, which has taken spot cotton for shipment quite freely still. But after January 1st the receipts South, which have been very heavy, are expected to let up, and the market may improve, as our own manufacturers are in a prosperous condition, and home consumption good.

Coffee has had quite a boom, and reaction on the bulling of this market by a Havre syndicate, aided by Liverpool, based upon a short crop and light movement at Rio.

Petroleum has also been active and higher after being held down in the face of decreased production for several months by the Standard Company, which turned around and bulled the crude market the latter half of the month and sent prices up about ten points on the increased consumption at this season for refined. Mining shares have also attracted more attention here and at San Francisco, on reported important developments in the old Comstock bonanza mines. But it acts a good deal now like an unloading on the public movement; at all events, it is engineered by insiders who never did anything in those stocks that was not at the expense of the public or stockholders.

Ocean freights have at last had their inning with the railroads, and have restored almost old-time rates of freight between this country and Europe on a scarcity of tonnage, and increased offerings of wheat, cotton, flour, and provisions. Such has been the demand for room that all the regular lines of steamers are engaged for the bulk of their room through December and into the middle of January in many cases.

This scarcity and these high rates have checked exports of wheat very materially all the past month. At the close of the month the stock and produce markets were all active and higher on gaining confidence in the future of values and business.

DEATHS.

HEIDELBACH.—On November 29, aged seventy-four years, PHILIP HEIDELBACH, partner of the firm of Heidelberg, Ickelheimer & Co., New York City, N. Y.

LEE.—On November 2, aged seventy-seven years, CYRUS P. LEE, Secretary and Treasurer of Erie County Savings Bank, Buffalo, N. Y.

MOIES.—On November 3, aged sixty-seven years, THOMAS MOIES, Cashier of Pacific National Bank and Treasurer of Pawtucket Institution for Savings, Pawtucket, R. I.

PALMS.—On November 23, aged seventy-six years, FRANCIS PALMS, President of the People's Savings Bank, Detroit, Mich.

PIKE.—On October 8, aged sixty-seven years, AUSTIN F. PIKE, President of Citizens' National Bank, Tilton, N. H.

PURVES.—On October 18, aged seventy-seven years, WILLIAM PURVES, Vice-President and Treasurer of Philadelphia Saving Fund Society, Philadelphia, Pa.

RICHARDS.—On November 12, aged seventy-eight years, DANIEL RICHARDS, President of First National Bank, Danvers, Mass.

SMITH.—On October 24, aged thirty-nine years, L. P. SMITH, partner of the firm of Prendergast, Smith & Co., Mexia, Texas.

WROTH.—On November 15, aged forty-eight years, JOHN WROTH, Cashier of Wyoming National Bank, Wilkes-Barre, Pa.

THE
BANKER'S MAGAZINE
AND
Statistical Register.

VOLUME XLI.

JANUARY, 1887.

No. 7.

THE TREASURY AND OTHER REPORTS.

The three reports that deal with the finances of the Government, are those of the Secretary of the Treasury, of the Treasurer, and of the Comptroller. One of the excellent features in administering the national business is the large number of reports presented, and which include all the details relating to our revenues and expenditures. Through these one can always get a very complete idea of the financial operations of the Government.

We are led to consider the three reports above mentioned, together, partly because we have received them somewhat later this year than usual—too late, indeed, for publication in our previous number. They have been published in whole or in part in most of the newspapers, and comments and criticisms have been passed thereon. In a general way we may say that they are elaborate, and have been received by the people generally with a very considerable degree of favor. They show a careful study of Governmental operations; and they have certainly been prepared with much care, whatever may be said of their recommendations. Every thoughtful dispassionate mind will say that the three officers have evidently sought to serve the public well in presenting the information here given, with their respective recommendations.

The first remark which these reports incline us to make is their feebleness in influencing Congress. This remark need not be exclusively applied to the reports presented this year. The same thing may be said of the work of many predecessors. It certainly is a cause for regret, on many occasions, that these efforts, so well planned and the outcome of so good a purpose, should bring forth

such meagre fruit. It is true that the information thus furnished has a lasting value apart from the recommendations, and give to the reports a prominent place in our history. But the recommendations themselves, what meagre results flow from them? There have been, indeed, some noteworthy exceptions. The most exceptional are the reports of Hamilton, Robert J. Walker and Secretary Chase. The reason why these secretaries had so much influence is of course well known. Hamilton was the embodiment of the financial wisdom of his party. The members therefore looked to him, and rightfully, for all directions in financial matters. No other secretary has ever had the influence in that regard which he possessed. Albert Gallatin, who was certainly a man of unquestioned ability, and whose worth is becoming more and more clearly recognized, possessed far less influence with his party, especially toward the latter portion of his administration. Walker occupies a somewhat unique place in treasury history. His first report as secretary was reprinted by order of the British Parliament, and is regarded by those holding the same political opinions as himself, as one of the ablest documents which has yet been written by any secretary. The tariff of 1846 was based almost wholly on his recommendations, but then, it may be said, his party was prepared for his recommendations. His views therefore were the embodiment, or exposition of the wishes of his party on that subject. This explains why that report has such a marked place in the history of treasury recommendations. So in Mr. Chase's time, the majority in Congress in favor of prosecuting war measures looked to him for direction in raising money. His recommendations therefore had great weight. Since that time, however, there has been no such stress on the country, and therefore the recommendations of the Secretary of the Treasury have had less effect. When Mr. Sherman was secretary he made four able reports. He was a thorough master of the needs of the country. He had many friends in both Houses of Congress, for he had long been a member of one or the other, and yet it must be acknowledged that his recommendations if not falling flat, fell a long way, for only a very few of them ever passed into the form of law.

The two most prominent topics in Mr. Manning's report deal with the tariff and the silver question, and Congress has already decided what it thinks about action on the former subject. That body has acted very much as though a President and Secretary of the Treasury were unknown. Apparently their wishes and judgment have not had the faintest influence with any member of Congress. This may seem somewhat dispiriting to these two officials, but they will doubtlessly console themselves by remembering that other presidents and secretaries have been treated in the same manner. There is nothing surprising in this action. Congress looks not

to the head of the Government, but rather to the voter for inspiration and revelations of duty. The only recommendations any secretary is likely to make which will be received with much attention are those directly in the line of probable congressional action. If, on a subject whereon Congress is likely to legislate, a secretary or other officer can show a good and feasible way, members of Congress are very likely to turn with a considerable degree of thoughtfulness to his recommendations. So far, therefore, as he can perform the office of guide to Congress in pursuing the ways and courses which that body are desirous of following, he can effect something, but the lesson of all these documents is, that any attempt of a more ambitious nature than this is likely to be read and speedily forgotten.

Now the action of Congress with regard to the silver question if not quite so speedy as that relating to the tariff will probably prove equally futile. It is quite evident that Congress has no intention of doing anything. The secretary may lament, he may make ever so strong and just an argument, and which too may be the expression of a very large body of the most thoughtful minds of the country, yet it will go for naught. The plain lesson of all this is, that if the people desire to have the coinage of silver, for example, stopped in accordance with the the recommendations of the Secretary of the Treasury, their plain and obvious duty is to send men to Congress who will do it, instead of sending men to Congress who will not do it, and then trying to persuade them afterward. The most palpable of all truths in our politics is, that the people do not care enough about legislation yet to pay much attention to the subject of electing legislators. It is true that bodies of men of one kind and another meet and pass child-like resolutions expressive of their wishes, but this is far too easy a method of accomplishing anything. If the people want good government and good laws they must take interest enough in politics to elect good legislators, good executors and good judges. Until they do that, it is certain that a few who have a different kind of interest in these matters will elect men to these places who are pleasing to themselves. This is to be expected. We do not know that anyone is to blame for the present state of things. If there be any blame it is wide-spread. It must be visited on the people at large, who while complaining on the one hand, are too apathetic to apply the correct remedy on the other. So long as they feel this way, so long as their business engrosses their attention and the election of the most intelligent men to discuss legislative affairs is regarded as a minor matter, so long will the evils continue of which the people complain. A part of the cost of good government is the giving of a certain portion of our time to public matters; until we are willing to do this, we cannot reasonably expect a better state of things than now exists.

FINANCIAL FACTS AND OPINIONS.

New cotton mills in India, according to reports in the Manchester (Eng.) *Guardian*, of October 28, continue to be erected, but there is a tendency to supply them with machinery to spin finer yarns and to weave finer cloths than heretofore. The Indian manufacturers evidently mean to compete in their own markets and in all Asiatic markets with the English manufacturers, in every kind of cotton yarns and goods. They have the great advantage of receiving from their sales money of the same standard as that in which their expenses of production are paid, whereas the English cannot convert Asiatic money into pounds sterling without a heavy loss.

The *Guardian* had reported a day or two before that Indian wheat had begun to show itself in noticeable quantities in New South Wales and Queensland, but not in South Australia, which produces a large surplus of that grain for export. The standard of the money of the Australian Colonies being gold, there is the same premium upon it as compared with the currency of India, that there is upon English money, and the Australian wheat growers are said to be apprehensive that Indian competition with them even in their own markets may become serious, as it already is in the English markets.

Mr. Beecher's opinions, formed in England during his recent visit there, are being given to the public in copyrighted papers. In one of them under date of Nov. 17, 1886, he says of the United States, that it "can supply to Great Britain more cheaply and of better quality than any other country, all its grains, its meats, and its dairy products."

If we could supply Great Britain with any article more cheaply, quality being taken into the account, than other countries, we should monopolize the supply of it to the British markets, which we certainly never have done, and are not doing to-day, in either grains, meats, or dairy products. Our hold upon those markets in respect to each of those products is growing feebler every year, and it is by no means improbable that we shall, before long, be substantially driven out of them by the numerous competitors who have equal natural facilities, and who are compelled to be content with receiving less rewards for their labor. The only secure market which we have for food products is the home market, and our true National policy is to make that market as large as possible by diversifying our industries.

The Englishmen with whom Mr. Beecher talked, succeeded in

making him believe that they rejoiced greatly over the protective tariff existing in this country, as tending in some mysterious way to exclude us from the markets of the world, so as to "leave England almost without a manufacturing competitor." It is certainly true that down to this time England has not been much troubled by competition from this country in supplying the markets of the world with manufactures, as we have not yet reached the point of supplying our own markets, but are importers of manufactures on an enormous scale. But it is not true that England is "almost without a manufacturing competitor." On the contrary, the English were never so hard pressed by that species of competition, and it is remarkable that this competition chiefly comes from France and Germany, both of which maintain high protective tariffs. All the English journals are filled with lamentations over the increasing severity of this competition. Mr. Beecher himself says in the paper already quoted from :

During my recent visit, complaint was universal of the great depression of trade. Various causes were assigned for it. None, however, seemed to be satisfactory. At Birmingham, Sheffield, Manchester, Bradford, and numerous other cities, the same tale of dull markets and profitless business prevailed. Nor was this confined to England. In France, Belgium and Germany the same condition of things indicated some universal cause.

The struggle for the supplying of the markets of the world with manufactures, in which the victory is to be won by those who can make the greatest sacrifices, is a struggle forced upon the English, French, German, and Belgians, by dense population and other circumstances. It is happily not yet forced upon the manufacturers of the United States, who are as yet entirely unable to supply their home market.

Sales of Irish lands to the occupying tenants, at prices lowered to correspond with the depressed markets for agricultural products, are being made to some extent already. They will probably become numerous if the landlords give up the hope of being paid more than their property is now really worth. The scheme of Mr. Gladstone to give them in British consols twice what their lands would otherwise ever pay, either in rents, or by selling in the market, was so hopelessly defeated in the elections of last summer, that nobody is likely to revive it.

Three London companies—the Salters', the Fishmongers' and the Drapers', owning in the aggregate 72,525 acres in Londonderry county, have already offered to sell them to their tenants on terms which the latter are willing to accept.

The necessity of the situation will finally compel the great majority of the landlords to conform their rents and selling prices, to the diminished prices of farm products.

The British sovereigns and half-sovereigns in use in the United Kingdom in 1884 were estimated by the then Chancellor of the Exchequer, at £110,000,000, of which £20,000,000 consisted of half-sovereigns. That estimate included £10,000,000 of sovereigns and £5,000,000 of half-sovereigns in the Bank of England. The total stock of gold in that institution is always larger than that, as it constantly holds considerable quantities of gold bars and gold foreign coins. The present common estimate of gold held and used as money in the United Kingdom is £120,000,000. At the date of Peel's Bank Act of 1844, the common estimates varied from £30,000,000 to £40,000,000. It is only by the increase of gold that the British currency has been since enlarged, and it was the intention of that Act that it should never be enlarged in any other way. To that end, it established, a fixed issue of paper upon securities, and prescribed that all paper in excess of that issue should represent an equal amount of gold deposited and held unused for its redemption. In other words, it was the intention and it has been the result of Peel's Bank Act, that the amount of money in use in the United Kingdom has varied only as gold has been imported, or exported.

Recent calculations, based upon weighing specimen lots of sovereigns and half-sovereigns in the London banks, make the loss by abrasion on all the sovereigns and half-sovereigns £800,000, the loss being relatively the greatest in the half-sovereign. The total cost of bringing the coinage up to standard, including the charges of recoinage, is expected to be one million sterling. Whenever this reform is undertaken, and it cannot be long delayed, it seems to be agreed that the half-sovereigns will be entirely suppressed, and that there will be substituted for them, either £1 notes, or silver, or perhaps both.

The experiments in extracting sugar from the Louisiana sugar cane and from sorghum cane, made recently in Kansas under the direction of the Agricultural Bureau, established the fact that the diffusion process secures substantially all the sugar in cane of both of these descriptions. The new process, therefore, does not give any advantage to sorghum over the Louisiana cane, but it relieves sorghum from the disadvantage under which it has heretofore labored, that the old process of obtaining the sugar by crushing and grinding was less effective with the sorghum than with the Southern sugar cane.

It is claimed for sorghum that the cost of the crop is fully reimbursed by the value of its grain, and that all the profit which can be made by extracting sugar from the cane or stalk is clear gain.

The result of the Kansas experiments gives fresh encouragement

to the hope that sorghum, which can be grown wherever Indian corn may be grown, may prove to be an important source of sugar supply. It will be an inestimable advantage to this country to produce its own sugar, and thus not only save the enormous sums we now pay to foreign sugar producers, but enormously increase our domestic trade by creating a new class of home producers of sugar, who will be inside of our tariff lines, and will therefore be consumers of American goods. It is true that, if we produce all the sugar we use, we shall lose the custom-house revenue from that article, but that cannot with any grace be objected to by the free traders, who avow their readiness to make a free gift of that revenue to foreign producers of cane sugar, nearly all of whom employ either slave or coolie labor.

British exports of cotton cloths during the first ten months of 1886, showed an increase, as compared with the exports during the first ten months of 1884, of 344 million yards, but the larger quantity exported in 1886 was valued at \$7,870,000 less money than the smaller quantity exported in 1884. This decline in the prices of cotton cloth accounts for the absence of profit of which the British cotton manufacturers universally complain, although they find some compensation in the lowered cost of the raw material.

Comparing the same two periods, the prices of British exports of woollen fabrics show a slight rise in 1886, whereas 186 million yards of worsted fabrics exported in 1886, brought \$215,985 less money than 145 million yards exported in 1884, which indicates a heavy fall in prices. The raw material of woollens and worsteds rose considerably in the early part of 1886, but there was no corresponding rise in those manufactures, and wool soon began to decline, although it has not yet lost the whole of its advance in price.

The exports of textile fabrics from Germany exhibit the same features of increased quantities and reduced prices in 1886, which are shown in the returns of British commerce.

In October 1886, the total quantity of iron and steel exported from Great Britain was 336,000 tons, as compared with 296,000 tons exported in October 1885, but the total money value was a minute trifle less in 1886 than in 1885. The *London Times* says that the "worst feature" in these returns is the fall in the price of "hardware and cutlery, and machinery and millwork."

The prostration in the prices of European manufactures, which is general and continuing, and does not yet show any signs of coming to an end, is the cause of the increasing imports into this country, which are large enough to menace us with the draining away of some of our gold. Many persons believe that such a drain would have already occurred, if it had not been averted by

an outward flow of our securities. But it cannot be permanently averted, except by either such a rise of European prices or such a fall in our own prices, as will restore the equilibrium of trade. It may be necessary to such an equilibrium that there should be a moderate export of gold from this country. Such an export would be much less mischievous than increasing our foreign indebtedness by selling our securities abroad. In some aspects it would be beneficial, inasmuch as gold sent to Europe serves the purpose of raising prices in the principal market for our exported staples.

A new feature in the sugar trade has been the import into Great Britain, during the first ten months of 1886, of 821,000 cwt. of refined Russian beet sugar. Such imports had previously been nominal and insignificant. During the first ten months of the two years 1884 and 1885, they amounted to only 24,800 cwt.

The allowance to exporters of refined beet sugar in Russia, France and Germany, is, in theory, not a bounty, but merely a refunding of the domestic tax upon beets, but there is considerable evidence that the allowance goes beyond that limit. It is not probable, however, that that limit is sensibly exceeded.

The fact that the Germans have sent to this country \$4,000,000 worth of their beet sugar in a single year, and have paid the considerable duties upon it imposed by our tariff, has naturally attracted attention. Unless they have lost money by the operation, it would seem to be certain that there is a large margin for profit, in producing beet sugar in the United States, over which Germany certainly has no advantage of soil or climate.

The exemption of Government bonds from State taxation is strenuously objected to by a city contemporary, the *Independent* of November 11, 1886. It insists that Congress should do nothing more than prohibit any higher local taxation of those bonds than is imposed upon other property. Among other things it says:

It is unjust to the States that so large an amount of property held by their citizens should be exempt from taxation; and it is the cause of discontent on the part of large bodies of citizens that a certain class of citizens in each State, by virtue of the simple fact that they have invested their money in Government securities, should entirely escape State taxation.

The United States Supreme Court decided in an old case, that Government bonds were not subject to local taxation, independently of any express prohibition by Congress of such taxation. Of course, it is among possibilities that if the question was presented anew, this decision might be reversed, or essentially modified.

In the case of the existing bonds, there was such an express prohibition when they were issued, and it formed an important element in increasing the price originally paid for them, and it has

been ever since an important element in the prices at which they have been bought and sold. To now annul the prohibition would be a breach of National faith, and would work manifest injustice to the holders of the bonds. Exemption from local and from National taxation as well, is just as much one of the things stipulated in the bonds, as is the rate of interest, the time they have to run, or the particular kind of money in which they are to be paid. However doubtful it may be, whether it was necessary or wise to exempt them from taxation, it was actually done, and cannot be undone without losing a good deal more in various ways than could be gained by it.

We quite agree that exemption from taxation is a feature which makes the bonds odious, and is a "cause of discontent" among numerous classes and in large sections of the country. But our bonded debt is now half paid, and the proportions of the mischief are still being reduced. It is one of the many strong reasons for persevering in the further liquidation of the debt, that it will finally and in a legitimate way put an end to this "cause of discontent."

That *French finances* are going from bad to worse has been known in a general way for some time. France seems to have incurred as much debt since its disastrous war with Prussia, as it accumulated from the expenses of that war and from the payment of the enormous indemnity exacted by Germany.

For four or five years after the close of the Franco-Prussian war, the French budget was balanced by efficient taxation and by economy, and the first deficit did not appear until 1876. About that time, the clamor was raised, and conspicuously, by Beaulieu, of *L'Economiste Francaise*, in favor of reducing taxes and of letting posterity pay the National debt. An increase of it was not at first proposed, but it rarely fails to happen that when public revenues are so arranged as to meet only ordinary expenditures, extraordinary outlays cause debts to be enlarged. It happened so in this case, and no sooner was the budget so arranged as to leave no surplus, than a wild scheme of spending one thousand million dollars in (so called) public improvements was adopted. Even Leon Say, from whom better things might have been expected, gave in to the scheme, declaring that nothing was necessary to make it a prudent and safe one except the continuance of "quiet at home and peace abroad," which are precisely the two things of which France can never be sure for a single week. It has ever since been engaged in wars with Tunis, Madagascar, Tonquin, and China, which, although small, were very expensive, and its Cabinet has just demanded an extraordinary appropriation of \$40,000,000 to put its armaments on a proper footing to meet threatened events in

Europe. As a result, the French debt has been increased during the ten years ending with the year 1885, by the great sum of 4,800 million francs. It is said that the deficit for 1886 will foot up 789 million francs, and that without new taxation or some curtailment of expenditures, the deficit for 1887 will be 700 million francs. But it is difficult to find new objects of taxation, and instead of reducing appropriations, it is much more probable that the exigencies of the European situation may cause them to be made larger. However it may be with "quiet at home," it is certain that "peace abroad" has rarely been for France more dubious than it is now.

The Chamber of Deputies is at loggerheads with the Cabinet about the new taxes, and they agree in nothing except that new taxes are necessary. The Chamber wants to increase the income tax and to impose that tax upon Government bonds which are not now subject to it, but the Cabinet protest that the country cannot bear any enlargement of existing income taxes, and that to include Government bonds will dangerously disaffect the holders who are more numerous in France than anywhere else. The Chamber desires also to increase the tax on successions to landed property, and to very high figures in the case of collateral succession, and of successions by strangers in blood. The Chamber proposes, in fact, that successions from a brother shall be taxed 17 per cent., and that successions under wills and outside of families shall pay 25 per cent. This is not absolute confiscation but is a long step towards it, and strikingly illustrates the desperate straits into which French finances have been plunged by the combined strength of demagogues who have preached the easy doctrine of letting posterity pay debts, and of the stock jobbers of Paris, who have been enriched by Government loans, and hope to escape personally the ruin which must be the ultimate result of their excessive amount.

A new idea in respect to *the currency of India* has been started by one Claremont Daniell, who has been for many years a persevering rider of hobbies on that general subject. He now proposes that the India mint should strike a coin containing the same amount of gold as a British sovereign, and make it a tender to the Government for all sums, and to individuals for all sums exceeding 5,000 rupees. But the rate at which it is to be a tender is not to be permanently fixed, but is to be changed from time to time by Government proclamations, according to the market changes in the price of gold when purchased with rupees. The silver coins are to remain as they now are, the standard of the Indian currency. The proposition is in substance one that has been made in various countries and at various times, but has always been

rejected by the good sense of mankind. The London *Economist* of November 20, says of it:

Who will have confidence in a currency of which the value in use is declared to be one thing to-day and another thing to-morrow? Take, for instance, our own case; what would be the position here of the silver currency, if its value in exchange for gold were to be altered by the Government from day to day, or from week to week, in accordance with the fluctuations of the silver market? Obviously, it would cease to be a fit medium for the completion of business transactions.

The *Economist* must be right in saying that such a scheme cannot in any event command any sensible degree of support in the British Parliament.

The gold that exists in India is sometimes spoken of as hoarded, but it is principally locked up in the form of ornaments, which, as the *Economist* observes, "fulfil a double purpose of embodying and displaying the owner's wealth." The material can always be marketed in periods of impoverishment and general distress, but the returns of the India mints when severe famines occur, while they do show some increase in the coinage of silver ornaments, never show any great increase. As was once said by a writer in this country, the precious metals, when they exist in the form of ornaments, are more tenaciously held and are less available for monetary use, than when they are imprisoned in the rocks 3,000 feet below the earth's surface.

Daniell's plan will dislodge no gold that is now hoarded in Indian ornaments. The holders have always been able to obtain their bullion value, and they would simply lose the expense of converting them into coins which could never be worth any more than that value on his plan. It would be merely a dead letter, if it was embodied in the form of a law, and if by some possible chance it had any effect whatever, it would be a mischievous one. Nothing is plainer, than that to whatever extent India uses gold as money, its value in both silver and commodities must be raised, and that means an aggravation of the burden of the \$75,000,000 of annual gold tribute which India must pay to England until it is strong enough to shake off the British domination.

A discovery in respect to *New Zealand municipal debts* has been recently made by the British money lenders, and seems to worry them considerably. It seems that while the laws of that colony do not fix any maximum for such debts, they do fix a maximum upon the percentage of taxation which can be levied in any one year to meet the interest and sinking funds of such debts, and that in several cases, which are likely enough to be more numerous hereafter, the allowed limit of taxation is not large enough to provide for the annual charges upon debts. It is without doubt

true, that in a flourishing colony like New Zealand, the major part of the municipalities find their taxables constantly increasing, but some of them are not prospering, and a few are falling into actual decline and decay. But the profits of British loan-mongers are so great that they can afford to make occasional losses. It has been repeatedly shown that the average rate of income upon the foreign and colonial lendings of the English, after deducting all losses, still exceeds the average rate upon their home investments.

Local duties upon articles of consumption seem to be assessed and collected in most parts of the world. A well known writer in this country has gone into hysterics about the enormities of such duties in Mexico, but he will find equally flagrant examples in free trade England, which is the object of his special admiration. London has for an indefinite period raised upon the coals consumed by its people, a revenue averaging annually \$2,645,695, during the past five years. The right to raise it expires in 1889, and the municipal authorities, by way of an argument for an extension of the right, show that other English cities have long enjoyed it. They give a list of fifteen cities whose aggregate annual revenue from taxes on coal is \$210,300. *Octroi* duties are common all over the continent of Europe, notably in Paris. In India they are as ancient as its present civilization. But that they should exist in England, where political economy is claimed to have been brought to the perfection of an exact science, is most remarkable.

Our *excess of exports over imports* during the year ending October 31, 1886, was in merchandise \$41,181,087, and in coin and bullion of (gold and silver) \$22,285,960, making an aggregate excess of \$63,467,047. This showing is a decisive disproof of the statement that very many more of our securities have been sold than have been purchased abroad during the past year. It is true that \$63,467,047 is not sufficient for our annual interest due to foreigners and to pay freights to foreign ships and to cover the expenses of American travelers in Europe, but we receive large sums brought in by immigrants and invested by foreign capitalists in lands and mines. With the present relative rates of interest in European and American money centers, a balance of outflow of our securities can be nothing more than an abnormal and short-lived occurrence.

The *exports of wheat from India*, during the five months ending August 31, 1886, being the first five months of the current Indian fiscal year, were 12,820,303 cwts. compared with 9,601,895 cwts. during the corresponding months of the preceding year, which is an increase,

stated in bushels of 60 pounds, from 17,923,537 bushels to 23,947,906 bushels. In the same five months of 1886, the exports of cotton from India were 6,764,882 cwts., as compared with 5,229,076 cwts. during the corresponding months of 1885.

During the five months ending August 31, 1886, the excess of Indian imports over exports of silver was \$13,779,615, valuing that metal at its coining rate at our mints. If the Indian net import of silver continues as large during the whole fiscal year, it will amount to \$33,071,672.

The prices of Government bonds during November, as shown by the sales at the New York Stock Exchanges, averaged for the 4s, 127.78, and for the 4½s, 110.46, in addition to which the purchasers paid the accrued interest. At these prices purchasers received an annual income upon the money paid of 2.32 per cent. in the case of the 4s, and of 2.20 per cent. in the case of the 4½s. At the prices of October, an investor received an annual income of 2.29 per cent. in the case of the 4s, and of 2 per cent. in the case of the 4½s. At the prices of September, an investor received on the 4½s, an annual income of 2.20 per cent., being the same rate as in November.

The prices of corn according to the crop report for December of the Bureau of Agriculture, were 11 cents higher than in December, 1885, in the cotton States South of North Carolina and Tennessee, being 60 cents in South Carolina, Georgia and Texas, 59 cents in Mississippi, 55 cents in Louisiana, and 49 cents in Arkansas. In the States producing an exportable surplus of corn, the price was highest in Ohio, being 35 cents, and lowest in Nebraska, being 20 cents. In Kansas, which has the advantage over Nebraska of being nearer to Southern States, in which the crop was cut off by drouth, the price was 27 cents.

OUR COINAGE AND THE MINT.

[CONTINUED FROM THE DECEMBER NUMBER.]

Another difficulty of serious import was the great expense of carrying on the mint. Not only did the salaries of officers and the cost of maintenance fall on the Government, but it had undertaken to bear the expense of coinage also. This item amounted to something enormous for those days, it being accounted for, of course, by inexperience. The process of melting and refining which resulted in securing the requisite fineness was made a charge against the Government, while it operated very unequally with depositors, inasmuch as those carrying metal of inferior quality received back the same consideration, notwithstanding the increased expense, as those who had carried metal of finer quality. Want of experience also manifested itself in the amount of time and labor expended in coining. The metals were coined in quantity as gold and silver were brought to the mint, sometimes in large amount, but more often in small quantities. The expense of the small was much more in proportion than that of the larger quantities, and the wastage was also greater. In 1797 Congress appropriated a fund with which to purchase bullion, that coins might be struck in anticipation of the public demand. Thus a saving of time was effected for those who formerly had been obliged to wait for the coining of the metals brought to the mint, and also a saving of expense and unnecessary waste.

As time went on the expense of the mint establishment continued to be a source of great annoyance and complaint. To the end of finding a remedy for the difficulty to some extent, in 1795 it was provided that a charge should be made for the refining of silver bullion below the standard of two cents per ounce, and for gold bullion four cents per ounce. In case the metal was so inferior as to require a test, six cents per ounce was to be the charge. In May, 1796, this law was changed, and remuneration for the expense of refining was secured by retaining a sufficient proportion of the metal deposited.

Although the dimes and half-dimes were authorized by the Act of 1792, the coinage of dimes took place for the first time in 1796. The weight was $41\frac{1}{2}$ grains $\frac{900}{1000}$ fine.

During the early existence of the mint there seems to have been no difficulty in securing gold in sufficient quantities for coinage, although it had always been the scarcer metal. The banks of the country, and particularly the United States bank, after its creation, were continually sending bullion to the mint to be trans-

formed into coin. Gold coin was the favorite among the banks, and after a short time it was found that those institutions were holding gold as reserve, and in many instances they had retired their own circulation in whole or in part, and were paying out gold coins.

"At the close of the century" we are told, "there had been coined and issued from the mint, \$696,530 in gold, \$1,216,158.75 in silver, and in copper, \$50,111.42, or a total of less than \$2,000,000. The expense of maintaining the establishment had been \$213,336, though the treasury had been reimbursed by the payment of cents and half-cents to the amount of \$48,041.42. The expense seemed so disproportionate to the benefits derived from the mint, that a committee of Congress recommended the closing of it, while many others shared in the opinion."*

As has been already referred to, the presence of foreign coin in the circulation continued in spite of the provisions of the law to the contrary. The coins struck at the mint did not circulate as freely as those of other countries. Some were exported and some hoarded, and at points distant from the commercial centers specie of any description was not very plentiful. It came, then, to be a serious question whether it would be wise to curtail the circulation of specie, even to the extent of excluding foreign coin. It was quite generally believed that the present capacity of the mint was not sufficient to maintain a metallic currency throughout the states. The Spanish milled dollar, which, being of the same weight as our own, was allowed to circulate without proscription, was exported to a considerable extent, creating another source of embarrassment. Matters finally came to that state that Congress was constrained to permit once more the uninterrupted circulation of foreign gold and silver coins; provided, however, that their commercial value should be determined by a yearly assay. This law was to be operative until April 10, 1809.

It was hardly realized, we imagine, by the founders of our National coinage, to what extent it would enter into competition, so to speak, with the coins of other nations. It was doubtless imagined that a peculiarly American coinage would circulate freely among our own people, but would be little sought after or desired by outsiders. How true to the facts this reasoning was, was made manifest very early. It was found that, as compared with its market price, gold was overvalued in our currency, and consequently it left the country, while our silver dollars, being fresh from the mint and of full weight, were little by little replaced by the old and worn coins of Spanish and Mexican origin.

The resumption of specie payments by the Bank of England

* Financial History of the United States by A. S. Bolles.

only precipitated the crisis which had been foreboded by the inevitable tendency of events. The sudden and peremptory demand for gold from that source threw our Government at once back upon its resources of silver. This was in 1819.

Various remedies for the difficulty were at once proposed, and as soon set aside as inadequate. This matter was quite clearly and forcibly epitomized by Mr. Talbot, of the Finance Committee of the Senate, in a report on the subject. He said: "Of the inefficiency, if not impotence, of legislative provisions to prevent the escape of the precious metals beyond the territorial limits of the Government, the history of all countries in which the power of legislation has been thus exercised bears testimony."

Up to this time the mint had coined \$6,000,000 in gold, and, as was reported by one of the investigating committees, "it was doubtful whether any considerable portion of it can at this time be found in the United States." Such was the state of our gold circulation in 1821. And it may as well be here stated that for more than twelve years not one gold coin was struck in this country. The demand by England was the attributable reason.

The burden of the investigations and discussions during this period was to discover if possible how to establish uniformity between the relative market value of gold and silver, and the legal or mint value of the same. The agitation attained its greatest intensity in 1830, resulting finally, in 1834, in Congressional action.

Moved, apparently, by the multiplied appeals in behalf of a change in the relative value of gold and silver in the coinage, Congress, in 1834, June 8th, changed the valuation of the gold coins. The eagle was reduced from $247\frac{1}{8}$ grains of pure and 270 grains standard gold to 232 grains of pure or 258 grains standard, and smaller coins in proportion. The standard fineness of these coins was $899\frac{8}{1000}$. After three years this was changed to $900\frac{0}{1000}$, the weight not then being altered. These coins were made full legal tender. A little later the same month, June 28, Congress provided that foreign gold coin should "be receivable in all payments by weight, for the payment of all debts and demands" at certain established rates. The change in the weight of the gold coins made the relative value with silver as about 1 to 16. This made the valuation of silver so low that all coins of that metal fled the country in a remarkably brief space of time.

The law of 1834 provided that the payment for all bullion, silver or gold, of standard quality deposited at the mint should be made within forty days thereafter; but the depositor was allowed the alternative of demanding payment in five days, provided he would relinquish one-half of one per cent. of his deposit. Old coins were receivable at the rate of $94\frac{1}{10}$ cents per pennyweight. The legal ratio in other countries having the double standard, so called, was at this

time as 1 to 15½, leaving a discrepancy as compared with our coins, of large amount. From this time the coins struck at our mint were necessarily of gold, silver having disappeared. For small change we were forced to resort to Spanish silver of a worn and mutilated character. It is estimated that gold was over-valued in our coinage about 6¾ per cent.

About this time complaints were again made that the expense, including delays, in coinage was too great. New York was then, as to-day, the commercial center of the East; and it was found that in some instances merchants in that city were forced to pay as high as one and a quarter per cent., besides suffering unreasonable delays, for the coinage of a consignment of the precious metals. These facts led to an agitation in favor of the establishment of a branch mint at New York, with the hope of adjusting this inequality. It was urged, by way of strengthening the argument, that a far greater amount of coin would be struck by such an arrangement, since it was found that few private individuals cared to undergo the necessary expense of transmission to the mint at Philadelphia; and that, accordingly, every such transmission was simply the result of necessity on the part of a comparatively few large commercial houses. It is said that coin and bullion to the amount of many million dollars annually flowed into New York, that never reached the mint, on account of the inevitable delay and expense referred to. Notwithstanding the apparently strong reasons urged therefor, no mint was established at New York.

It having been found that the bullion fund which the Government had for some time maintained was costing the not insignificant sum of three hundred thousand dollars annually, Mr. Corwin, the secretary at this time, recommended very strongly the issue in place of such bullion fund, mint certificates of different denominations, the same to be receivable for all debts due the Government. By so doing, the bullion fund could have been applied toward the payment of the public debt, resulting in quite an annual saving of interest. The recommendation was not well received by Congress and no action was taken.

March 3, 1835, Congress established branch mints at Charlotte, N. C., Dahlonega, Ga., for the coinage of gold, quantities of which had been discovered in those regions, and at New Orleans for the coinage of gold and silver. These branches began operations in 1838. It was found that the branches at Charlotte and Dahlonega had been established unadvisedly, the recommendation having been made by designing politicians having personal ends to serve, and inasmuch as they seemed to answer no apparent need they were abolished in 1861.

The amount of coin struck at these three branch mints from 1838 to 1861 was as follows:

New Orleans.....	\$70,208,652
Charlotte.....	5,048,641
Dahlonaga.....	6,121,919

From 1806 to 1835 not one silver dollar was struck in the United States. By an Act of January 18, 1837, the standard weight of the silver dollar was reduced from 416 grains to $412\frac{1}{2}$ grains. The half dollar was to weigh in proportion, or $206\frac{1}{4}$ grains, and the quarter dollar $103\frac{1}{8}$ grains, the same to be legal tender for any sum.

By the same act the standard fineness of gold was fixed at $\frac{900}{1000}$ and the weight for the quarter eagle was reduced from $67\frac{1}{2}$ grains to $64\frac{1}{2}$ grains standard.

The unprecedented influx of gold from California in 1849 led to the belief that that metal might be made to do better service in the circulation of the country if it were coined in both larger and smaller denominations than had been previously authorized. By an Act passed March 3, 1849, the double eagle and gold dollar pieces were created. Gold dollars were issued to quite an amount, but in use they were found to be too small and inconvenient, and they were accordingly discontinued after a short time.

From its opening to the beginning of the year 1850, the mint had coined \$128,813,558. The value of the gold coined and recoinced at Philadelphia during the same period was \$63,490,612. The cost to the government for coinage at Philadelphia was $2\frac{3}{100}$ per cent.; at New Orleans, $6\frac{9}{100}$ per cent.; at Charlotte, 9 per cent.; and in Dahlonaga, $9\frac{1}{10}$ per cent.

Meanwhile the law of 1834 had been in practical operation. The debasement of the gold coinage as compared with silver, according to the market ratio, had resulted in driving away silver to an alarming extent. Small change even was becoming more and more scarce. So that in 1851, we note the beginning of another agitation on the part of the Secretary of the Treasury and the Director of the mint in favor of a change in the coinage.

The silver three cent piece was authorized by the Act of March 3, of this year. Its intrinsic worth was 20 per cent. below the standard of the silver dollar, and it was made a legal tender not exceeding 30 cents.

The agitation in favor of a change in the coinage just referred to culminated in 1853. By the Act of Feb. 21, fractional silver was debased to the condition of a token coinage for the evident purpose of retaining its presence in the circulation. The silver dollar, however, was not changed at this time. Hence, the opinion that prevails in some quarters that the dollar-piece was demonetized at this time is entirely erroneous. The first legislation affecting the silver dollar was effected in 1873. By the Act of Feb. 21, 1853, reducing the fractional silver below the standard of the dollar

for the first time, the half-dollar piece was to weigh 192 grains and the quarters, dimes, and half-dimes in proportion. The actual debasement of these coins below standard was about 8 per cent. and they were made legal tender for five dollars only. The three dollar gold piece was also authorized in 1853.

The production of gold in California had now become so enormous, that, to facilitate its coinage it was deemed expedient to establish a branch mint at San Francisco. In 1854 such a mint was established, and in a remarkably brief space of time its output of coin was much larger than that of the parent mint. This same year an assay office was established at New York.

An Act of Congress, Feb. 21, 1857, repealed all former acts authorizing the currency of foreign gold and silver coins, and declaring the same a legal tender, thus leaving the matter without legislation, which omission the revisers of the public statutes undertook to supply in the following sweeping provision: "No foreign gold or silver coins shall be legal tender in payment of debts." (U. S. Rev. Stat. § 3,584.) It was also provided that the Mexican dollar should be received at reduced rates, and that when such coins reached the mint they should be recoined and reissued.

Prior to 1857, the only copper coin in circulation was the cumbersome cent of full weight issued in 1792. The half-cent authorized at the same time did not have a long continued circulation. By an Act of 1857, the cent was reduced in weight to 72 grains, 88 per cent. copper and 12 per cent. nickel. The introduction of nickel in the composition of the cent was attended with some opposition. It was urged in support of the change, however, that nickel would hold its color better than copper, and that the cent would be less easily counterfeited. The nickel copper cent was issued till 1864, during which year the present bronze copper cent was first coined.

The development of the mining regions of Montana, Colorado, and Idaho led, in 1863, to the authorization of mints in Denver, Col., Boise City, Idaho, and Helena, Mont. These mints were put in operation as follows: Denver, 1864; Boise City, 1872; Helena, 1876. The branch mint at Carson City, Nev., also authorized in 1863, was not established until Jan. 9, 1870.

WILLIAM WOODWARD.

[TO BE CONTINUED.]



THE RELATIONS BETWEEN BANKS AND THEIR DEPOSITORS.*

WHEN CAN A DEPOSIT BE RETAINED TO PAY A DEBT DUE FROM A DEPOSITOR?

When has a bank the right to apply the funds of the depositor to the payment of a debt due by him to itself?

The principal rule is, when a depositor is indebted to a bank by bill, note, or other matured indebtedness, it has the right to apply his deposit to the payment of the obligation (*Commercial Bank v. Hughes*, 17 Wend., 94; *Union Bank v. Tutt*, 5 Mo., App. 342). "It is given by the law upon the presumption that it is upon the faith of moneys and securities coming into the possession of the banker, in the course of general dealings, not especially devoted to other uses, a balance is suffered to accumulate against the customer." (Brickell C. J., *In re Tallassee & Co.*, 64 Ala., p. 595.) The term lien is often used to express this right of the depository to retain the funds of a depositor.

A demand by a depositor or depository can also be lessened or extinguished by setting off a debt due from the demander. This right of set off is given by statute and does not exist at common law, though it does to some extent in equity (Story's Equity, Ch. 38). The object of such statutes, which exist everywhere, is to enable parties having demands against each other to settle them with the least possible litigation. This can be lessened by permitting parties to determine their several claims in the same action instead of separate ones. Set-off in many regards is in the nature of a cross action.

The statutes are (a) those which have a general application; and (b) those which apply to insolvent or bankruptcy proceedings. To understand the law relating to the application of one debt to the payment of another, these distinctions must be kept in mind.

Having shown the distinction between a lien and set-off, we may remark that the former is not recognized everywhere. It is not in Pennsylvania (*Appeal of Liggett Spring Co.*, 111 Pa., 291.); and in Illinois "a banker's lien cannot extend to the money left on deposit with him according to the customs and usages of banks. It has never been so extended, but is confined to securities and valuables which may be in the banker's custody as collaterals. The credit must be given on the credit of the securities or valuables, either in possession or expectancy. (*Russell v. Haddock*, 3 Gilm., 233.) This is the extent of a banker's lien." (*Fourth National*

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Bank v. City National Bank, 68 Ill., 398, p. 402.) But a bank has the right of set-off against a depositor's balance remaining after all the checks drawn against the same have been presented and paid. (*Ibid.*)

"General liens," says Judge Van Vorst, "for a balance of account are not favored. If there be a usage giving to persons engaged in discounting, buying, advancing on, or selling, bills or notes, a lien for a general balance against their customer, such usage should be proved. It will not be presumed to exist in the absence of express agreement. Courts have judicially taken notice of the lien of bankers who are strictly such, and who are dealers in money. But even the lien of a banker does not exist if there be circumstances in any case inconsistent therewith." (*Grant v. Taylor* 35 N. Y. Sup. Ct., p. 351, citing *Brandao v. Barnett*, 3 Man., Grang & Scott, 629.)

"Whether a banker has a lien for any general balance due him depends upon the circumstances of the particular case. The law will not force a lien on a banker any more than upon anyone else, against the actual or presumed intention of the parties. If there is a lien it is because there is, at all events, nothing in the transaction which expels the presumption of giving a credit on the strength of the securities." (*Grant v. Taylor*, supra.)

In applying the law of bankers' lien and set-off, the case of the *State Bank v. Armstrong* (4 Dev., 519) is one of the most instructive. The bank owed Armstrong's estate \$930 on general account; on the other hand the bank had obtained judgment against him in his lifetime for a much larger sum, while he had also retained another sum paid over to him for deposit in the bank, but which he had neglected to do. Judge Gaston, who delivered the opinion of the court, after remarking that the deposits made by Armstrong were general, consisting either of money, notes of the bank, or of other banks, bank checks and proceeds of discounts, said: "They were incorporated into the mass of the funds of the plaintiffs, became their property, and entitled Armstrong to a general credit for the amount thereof in account. Upon a settlement the plaintiffs were bound honestly to account with him for that amount, and faithfully to pay over any balance, which on such settlement should be found rightfully due. They were undoubtedly entitled to charge him with whatever sums they had paid to him, or to his checks to others, and with such other disbursements and demands, as by the agreement of the parties, or by the nature of their dealings, or by the known usages of the institution, or by the law of the

* It has long been settled that whenever a banker has advanced money to another, he has a lien on all the proper securities which are in his hands for the amount of his general balance, unless such securities were delivered to him under a particular agreement." C. J. Taney in *Bank v. New England Bank*, 1 How., 234.

land, were proper debits in such a running account, and had the plaintiffs the right as against Armstrong upon his refusal to pay over to them moneys which he had received to their use, to charge this in the account to the extent of his funds in bank. There can be no question but if the bank had paid off the note or acceptance of his, payable at the bank, this would have constituted a proper debit in the account. It is not to be doubted also but that they had a right to apply his funds in their hands to the payment of any note or acceptance of his held by them (*Rodgers v. Ladbroke*, 1 Bingham, 93, 8 Eq. C. L. Rep., 260.) Upon the examination of the account referred to we find that the very first debit is a note, and "that according to the course of dealing between the parties he is charged in account with other money demands. . . . From the nature of this account, as an open running account of the cash transactions of the parties, embracing a variety of receipts and payments, debits and credits, from the manner of their dealing with each other, and upon 'common law principles,' . . . we think that either has a right to retain for, or to charge in account against the other, money received by the latter for the use of the former, so that the balance thus ascertained shall be the true debt." (*Dale v. Gollet*, 4 Bur., 2143; *Green v. Farmer*, *Ib.*, 2221.) Furthermore, the court continued: "If the claim of the plaintiffs against the administrator were so connected with this balance appearing due on open account that both were items in one continued dealing, then the refusal to pay was rightful, because in truth there was nothing due. If, however, these mutual claims were unconnected, the plaintiffs had a right to refuse payment, because they had a proper set-off. A debtor who makes an actual payment with his own money has a right to direct its application because it is his money, and he alone has the legal control over it. But a creditor has no right to direct his debtor to apply the sum due him to anyone of two cross demands which that debtor may have against the creditor. The money in the hands of the debtor is yet his money, he has the legal control of it; its specific application cannot be ordered by the creditor, and the right of opposing a set-off, and if so, of selecting the set-off which he will thus oppose, is the right of the debtor." In other language, if the claims of the bank against Armstrong were a part of a general transaction, there was no balance due to him or his estate on general account; if they were not a part of a general transaction, but disconnected, the bank had the same right as an ordinary debtor to set-off either one of its claims against this balance.

Falkland, Administrator, v. St. Nicholas Bank, (21 Hun., 450) is a noteworthy case. Ruger Brothers, a firm of ship brokers, becoming embarrassed on July 13, 1886, opened a new account with the St. Nicholas bank in the name of their bookkeeper, Falkland, who managed the

account in accordance with instructions received from the firm. Prior to July 23, the bank received and discounted in the regular course of business, a note made by Ruger Brothers, which became due at that time. On the 16th of August the bank charged the amount due on the note to Falkland's account. After his death his administrator sought to recover the full amount of the deposit, but the court said that "the bank had a right to deal with the indebtedness in the form it did (in other words to deduct the amount of the note from the deposit). It had the right to assume, from the account opened and its evident knowledge of the fact, that the moneys deposited were, at the time when the deposits were made, the property of the firm in whose employment Falkland was engaged, and in whose behalf he acted in opening and continuing the account; and that the indebtedness was, through the intestate, an indebtedness to the firm of Ruger Brothers; and acting upon those facts to discount their paper presented to it, and in case of non-payment to charge up the amount due upon it to the account.

Whenever a depositor becomes bankrupt his deposit is a security for and payment *pro tanto* of his liabilities to the bank by the operation of the principle of mutual credit. And if a bank has a contingent or unliquidated claim against him his deposit, may be retained until the amount of the claim is ascertained, when the deposit may be applied in payment as far as necessary (*Ex parte Howard*, 2 Lowell, 487). In such cases the principal question is one of fact, does a lien really exist? In *Kelly & Co. v. Phelan*, (5 Dill., 228) which was a suit against the assignee of a bankrupt bank to recover money arising from the sale of securities belonging to Kelly & Co., the lien was established.

If a depositor is indebted to the bank and draws a check thereon to pay his debt, the amount is applied from the time of presenting the check, nor can the bank refuse to accept it in payment of his indebtedness. (*Laubach v. Leibert*, 87 Pa., 55.)

What funds can be applied by a bank to discharge the indebtedness of its depositor, is an important question. The general rule is, when securities are specifically pledged to a bank to secure the payment of a particular loan or debt it has no lien on them for a general balance, or for the payment of any other claim. (*Wyckoff v. Anthony*, 9 Daly, 417, citing *Vandersee v. Willis*, 3 Bro. C. C., 21; *Davis v. Bowsher*, 5 Term, 488; *Lane v. Bailey*, 47 Barb., 395; *Duncan v. Brennan*, 83 N. Y., 487; see also *Wilmerding v. Hart*, Hill & Denio, Supp., 305; *Robinson v. Frost*, 14 Barb., 536.)

In the case of *Neposet Bank v. Leland* (5 Met., 259) the bank sought to enforce the collection of some notes made by the defendant on the ground that "a banker has a lien on all the paper securities which come into his hands for a general balance." Judge Dewey said that the general principle subject to proper limitations might be well

sustained by authorities. "As in *Ballard v. Bygrave* (Ry. & Moody, 271), which was a case of bills delivered by a party to be discounted in the ordinary course of business, and where it was held, in the opinion given by Abbott, C. J., that a banker has a lien upon any securities of the customer which may for any purpose be placed in his hands. Lord Kenyon, in *Davis v. Bowsher*, 5 T. R., 491, states the principle thus: 'I am clearly of opinion that by the general law of the land a banker has a general lien upon all the securities in his hands belonging to any particular person for his general balance, unless there be evidence to show that he received any particular security under special circumstances which would take it out of the common rule.' The bank failed to recover because the securities were deposited for a special purpose.

A bank, therefore, has no right to retain a note left for discount, but which has been refused, to discharge an indebtedness due from the depositor. In *Petrie v. Myers* (54 How. Pr., 513), Judge Barrett said that the bank in that case "had no right upon declining a discount, to retain the note, and its action was clearly tortious. The paper was not left for collection, nor for the performance of any banking duty, nor even for safe custody. It is contended that the banker's lien extends to all securities which may happen to be in its hands for any purpose, and *Barnett v. Brandao* (6 Man., Grang & Scott 629, S. C. 12 Clark & Fin.) is cited in support of that proposition. The case holds directly the opposite." Lord Denman, in delivering judgment in that case, said: "The right of bankers does not extend to all securities which may happen to be in their hands for any purpose, but to such only as come to their possession as bankers, in the way of their business; upon those they have a general lien, 'unless there be,' in the language of Lord Kenyon, evidence to show that the banker received any particular security under special circumstances which would take it out of the common rule. A lease, therefore, which was accidentally left with a banker after he had refused to advance money upon it, has been held not to be subject to any lien (*Lucas v. Dorrien*, 7 Taunt., 278; 19 B. Moore, 29). If it be a security for money within the meaning of the rule, it is not in the banker's possession in the way of his business; and instances may be put of a special agreement to deal with the securities in a manner inconsistent with the claim of lien which would bring them within the exception stated by Lord Kenyon." In the above case, Burns bought for Brandao, a Brazilian, and with his money, exchequer bills which Burns kept at his banker's, named Barnett, retaining the key to the box containing them. As often as the time came for exchanging the bills for new ones Burns took them out of the box and gave them to his banker, which was the usual course of business. The new bills were given to Burns and locked up by him in his box, and the interest on

them was passed to his credit in the account with his bankers. The bankers never knew that they belonged to Brandao. On one occasion Burns delivered the bills to his bankers to be exchanged. Burns having failed while the bills were in possession of his bankers, and, owing them an account, they endeavored to hold the bills for the balance due. Brandao, claiming the ownership of the bills, sought to recover them. The Court of Common Pleas decided in his favor, but the higher court reversed the decision for two reasons which are worth giving. The Court of Common Pleas appear to have decided this case on the ground that . . . it was not competent for the banker and customer to agree expressly, or in any other manner, that the banker should have a lien on the property of other persons, on which the customer had no authority to give one." While this position was declared to be true with respect to goods, it was declared not to be "with respect to negotiable securities, the title to which is transferred by delivery to a *bona fide* holder for value. These securities are to be deemed, with respect to such holders and to the extent of the rights acquired by them by the transfer, as the property of the person transferring, whether the transfer be express or implied; and the *bona fide* holder acquired a title which did not belong to the person who gave it to him. The same rule which prevails as to bills or notes payable to bearer, placed in the hands of a banker to be received, would apply to exchequer bills transferable to bearer; in both, if the banker is a creditor on a general balance, and *bona fide* receives them as the property of the customer, he is entitled to a lien." For that reason, therefore, the judgment could not stand.

The other reason was that the bills were received by the bankers in their course of business. It is true that the "bills were delivered for a special purpose, but that purpose was the performance of a duty as bankers; for which indeed they would have been entitled to a commission, if the course of business with London bankers admitted of such a mode of remuneration. . . . If, indeed, there had been a right of lien, as, to return them absolutely at all events to the depositor, at a certain time, the case would have been different."

A banker has a lien on a deposit to discharge a debt due from the depositor to himself and his former partner. (*Snead v. Williams*, 9 Law Times, N. S., 115.) But the bank has no lien on the deposit of a partner. for a balance due from the partnership. (*Watts v. Christie*, 11 Beav., 546, *School District v. First National Bank*, 102 Mass., 174.)

A bank has a lien on a title deed indorsed "lodged to cover overdraft," and signed by the depositor as against the depositor's assignee, not only for overdue bills, but for money drawn out by checks. (*In re Joseph Williams*, Irish Reports

3 Equity, 546.) Also on a negotiable note deposited by an attorney for collection without stating for whose account. A bank which received one in this way credited his account with the amount and applied the same in part payment of a debt he owed the institution. The attorney failed and the bank in settling with the assignee included the note. A year afterward, the owner of it, learning that it had been collected, demanded the proceeds of the bank and brought a suit to recover them, but failed. (*Wood v. Boylston National Bank*, 129 Mass., 358.)

A bank cannot retain a deposit made by a person as an assignee to extinguish a debt due from him individually. (*Lawrence v. Bank of the Republic*, 35 N. Y., 320.) But a bank may apply money deposited on private account, though in truth it is trust money, if having no knowledge of its nature, to liquidate a balance due from the depositor. (*School District v. First National Bank*, 102 Mass., 174.)

A bank cannot apply the funds of a depositor to pay a balance due, or a note after he has made a general assignment for the benefit of his creditor. Consequently a bank in New York, which charged the amount of a draft that matured on the 27th of August to the account of a depositor for whom it had been discounted, and who had assigned three days before the assignment, was obliged to pay the amount to the assignee though having no notice of the assignment at the time of making the charge. (*Beckwith v. Union Bank*, 9 N. Y., 211.) But a bank holding a depositor's demand note has a lien on the proceeds of drafts delivered to it for collection after the giving of the note, though they are not collected until after the filing of petition in bankruptcy. (*In re Farnsworth, Brown & Co.*, 5 Bissell, 223, see 4 Biss., 349.)

The lien of a bank for a balance due from another bank will cover notes, bonds, or other securities sent to it for collection, which, on their face, belong to the sender. This principle was established in the case of *The Bank of the Metropolis v. The New England Bank*. (1 How., 234 s. c., 17 Peters, 174 second trial, 6 How., 212; see also *Wilson & Co. v. Smith*, 3 How., 373.) The former, which was located at Washington, and the Commonwealth Bank of Boston for a long time, had made collections in their respective cities for each other. The Boston bank became insolvent. When this event happened the New England Bank sued the Washington Bank to recover the amount of notes belonging to the former which had been sent through the Commonwealth Bank for collection. The Bank of the Metropolis did not know at the time of receiving the notes that they belonged to the New England Bank; indeed, in every instance the notes and other securities sent belonged to the sending bank so far as the receivers knew or had the means of knowing. The Bank of the Metropolis

claimed the right to apply the amount of the notes on the large balance due from the Commonwealth Bank. "The paper in question," remarked Chief Justice Taney, who delivered the opinion of the Court, "was the property of the New England Bank, and was endorsed and delivered to the Commonwealth Bank for collection, without any consideration, and as its agent in the ordinary course of business; it being usual, and indeed necessary, to so endorse it, in order to enable the agent to receive the money. Yet the possession of the paper was *prima facie* evidence that it was the property of the last mentioned bank; and without notice to the contrary the Bank of the Metropolis had a right so to treat it, and was under no obligation to inquire whether it was held as agent or as owner; and if an advance of money had been made upon this paper to the Commonwealth Bank, the right to retain for that amount would hardly be disputed. We do not perceive any difference in principle between an advance of money and a balance suffered to remain upon the faith of these mutual dealings. In the one case as well as the other, credit is given upon the paper deposited or expected to be transmitted in the usual course of the transactions between the parties."*

In Maryland, the rule of the United States Supreme Court as laid down in *Wilson v. Smith*, (3 How., 763) "that whenever by express agreement between the parties a sub-agent is to be employed by the agent to receive money for the principal, or where

* "Where a draft was remitted by a collecting agent to a sub-agent for collection and the proceeds were applied by the sub-agent in payment of the indebtedness of the agent to himself, in ignorance of the rights of the principal, this Court held that there being no new advance made and no new credit given by the sub-agent, the principal was entitled to recover against him. *Wilson v. Smith*, 3 How., 363; *Bank of the Metropolis v. New England Bank*, [*United States v. State Bank*, 96 U. S., p. 35.]

The Supreme Court at the second trial directed that the following instructions should be given to the jury when the case should be tried the third time before them:

1. "If, upon the whole evidence before them, the jury should find that the Bank of the Metropolis, at the time of the mutual dealings between them, had notice that the Commonwealth Bank had no interest in the bills and notes in question, and that it transmitted them for collection merely as agent, then the Bank of the Metropolis was not entitled to retain against the New England Bank for the general balance of the account with the Commonwealth Bank.

2. "And if the Bank of the Metropolis had not notice that the Commonwealth Bank was merely an agent, but regarded and treated it as the owner of the paper transmitted, yet the Bank of the Metropolis is not entitled to retain against the real owners unless credit was given to the Commonwealth Bank, or balance suffered to remain in its hands to be met by the negotiable paper transmitted or expected to be transmitted in the usual course of the dealings between the two banks.

3. "But if the jury found that, in the dealings mentioned in the testimony, the Bank of the Metropolis regarded and treated the Commonwealth Bank as the owners of the negotiable paper which it transmitted for collection, and had no notice to the contrary, and upon the credit of such remittances made or anticipated in the usual course of dealing between them, balances were from time to time suffered to remain in the hands of the Commonwealth Bank, to be met by the proceeds of such negotiable paper, then the [Bank of the Metropolis] is entitled to retain against the New England Bank for the balance of account due from the Commonwealth Bank." How. p. 227.

an authority to do so may fairly be implied from the usual course of trade, or the nature of the transaction, the principal may treat the sub-agent as his agent, and when he has received the money may recover it," has been followed. (*Miller v. Farmers &c. Bank*, 30 Md., 392; *Cecil Bank v. Farmers' Bank*, 22 Md., 148.)

In New York, though, a different rule prevails. A bank there which receives notes from another for collection obtains no better title to them or their proceeds than the remitting bank had, unless it becomes a purchaser for value without notice of any defect of title. Nor does the collecting bank become the purchaser by having a balance against the remitting bank arising from their mutual dealings, which it has refrained from drawing. (*McBride v. Farmers' Bank*,* 26 N. Y., 450; *Commercial Bank v. Marine Bank*, 3 Keyes, 337; *Coddington v. Bay*, 20 Johns., 637; *Rosa v. Brotherson* 10 Wend., 86; *Stalker v. McDonald*, 6 Hill, 93; *Youngs v. Lee*, 2 Kernan, 551; *Lindauer v. Fourth Nat. Bank*, 55 Barb., 75; *Dod v. Fourth Nat. Bank*, 59 Barb., 265.)

Returning to the rule prevailing in the federal courts, an important qualification must be added. If the negotiability of the paper sent to the collecting bank be restricted, for example, if the indorsement be, "for collection, pay to the order of A. B.," this is a notice that the indorser is entitled to the money. Thus, a bank in New York sent checks to a Newark bank for collection, which had the qualified indorsement: "For collection, pay to the order of O. L. Baldwin, cashier," who was cashier of the Newark bank. They were sent by him to a bank in Jersey City to be collected, and the proceeds were credited to it by virtue of an agreement existing between the two to thus credit collections made by them. The Newark bank having failed before remitting the amount to the New York bank, the latter sued the Jersey City bank to recover the amount of the checks which had thus been collected and credited to the Newark bank. Judge Wallace said, "if the defendant had been justified in assuming that such paper was the property of the Newark bank, it would have been entitled to a lien upon it for a balance of account, no matter who was the real owner of the paper. *Bank of Metropolis v. New England Bank*, 1 How, 234. But the checks bore the indorsement of the plaintiff in a restricted form, signifying that the plaintiff had never

* In this case the remitting bank having demanded the notes before maturity and the proceeds afterwards, and both of them being foreign corporations, which assigned the notes to the plaintiff, a new demand was held not to be necessary. A negotiable promissory note endorsed by the payee as owner, and by him deposited in a bank for collection, and by that bank transferred in the usual course of exchange to another bank for the same purpose, does not create by lien or otherwise any title in the latter bank to the note or the avails as against the payee, though the former bank fails before the maturity of the note owing the latter a large balance. (*Van Namee v. President*, s. c., 5 How., Pr. 161, s. c. 8 Barb., 112.)

parted with its title to them. In the terse statement of Gibson, C. J., 'a negotiable bill or note is a courier without luggage; a memorandum to control it, though indorsed upon it, would be incorporated with it and destroy it.' *Overton v. Tyler*, 3 Penn. St., 348. The indorsement by plaintiff for collection was notice to all parties subsequently dealing with the checks that the plaintiff did not intend to transfer the title of the paper or the ownership of the proceeds to another. As was held in *Cecil Bank v. Bank of Maryland*, 22 Md., 148, the legal import and effect of such indorsement was to notify the defendant that the plaintiff was the owner of the check, and that the Newark bank was merely its agent for collection. In *First National Bank v. Reno Co. Bank*, 3 Fed. Rep., 257, paper was indorsed, Pay to the order of Hetherington & Co. on account of First National Bank, Chicago, and it was held to be such a restrictive indorsement as to charge subsequent holders with notice that the indorser had not transferred title to the paper or its proceeds. Under either form of indorsement the natural and reasonable implication to all persons dealing with the paper would seem to be that the owner has authorized the indorsee to collect it for the owner, and conferred upon him a qualified title for this purpose and for no other. Other authorities in support of this conclusion are, *Sweeney v. Easter*, 1 Wall, 166; *White v. National Bank*, 102 U. S., 658; *Lee v. Chillicothe Bank*, 1 Bond., 389; *Blaine v. Bourne*, 11 R. I., 119; *Claflin v. Wilson*, 51 Iowa, 15. The defendant could not acquire any better title to the checks or their proceeds than belonged to the Newark bank, except by a purchase for value, and without notice of any infirmity in the title of the latter. As the indorsement of the checks was notice of the limited title of the Newark bank, the defendant simply succeeded to the rights of that bank.

As against the plaintiff, the defendant had no right to retain the proceeds of the checks as security or payment for any balance due to it from the Mechanics' National Bank of Newark after a demand by the plaintiff." (*Banker's Mag.*, Aug., 1884, p. 140; *Central Railroad v. First National Bank*, 73 Ga., 383.)

In another case a bill of exchange was specially endorsed, "Pay J. C., or order on account of B.," to which J. C. added a general indorsement and sent it to his correspondents. The drawer paid it, but J. C. having failed owing them, they applied the money towards his indebtedness. In the end, however, they were obliged to pay B. (*Blaine v. Bourne*, 11 R. I., 119.) So, too, a bank in Indiana which had received from another bank a check indorsed "for collection" was declared to have no title thereto, or right to the proceeds when collected; the collecting bank was merely the agent of the transmitter. So, too, when a bank receiving such a check sent it to another for collection, the latter was declared to be only the

agent of the transmitter, and had no right to apply the proceeds to the payment of an indebtedness due from that bank. (*First National Bank of Crown Point v. First National Bank of Richmond*, 76 Ind., 561.)

When a collecting bank fails to pay over the money received on drafts collected for another, between which an account is kept, the remedy is against the defaulting bank, and not against the drawers. (*Kupfer v. Bank of Galena*, 34 Ill., 328.)

ALBERT S. BOLLES.

[TO BE CONTINUED.]

COMMERCIAL EXCHANGES.*

CHAPTER X.

EUROPEAN STOCK EXCHANGES.

The London Stock Exchange—Its Two Distinct Bodies—Shareholders and Subscribers—Members of the House—Brokers and Jobbers—Their Methods and Rules—The Name Day—The Account Day—Postponement of Delivery—The Terms "Stocks" and "Shares" Compared—The Paris Bourse: Its Organization—Value of a "Seat"—Bi-monthly Settlements—The "Carrying-day" and the "Resting-day"—The Settlements—The Penalty for Failure to Meet Contracts—When Stocks are Delivered—The *Haussiers* and the *Baissiers*—The *Caulisse* and Female Speculators—The Berlin Bourse—Under Government Supervision—Sworn Brokers—Quotations Classified—The Stamp Tax—The Vienna Bourse: Its Importance of Late Years—Losses During One Year—The Two Classes: Sworn and Free Brokers—Government Inspection—Litigation and the Syndical Chamber—Commissions.

The London Stock Exchange, as now organized, consists of two distinct bodies:

1. The shareholders or proprietors, who own the building where the business is transacted, and who are interested as members of a joint-stock enterprise.
2. The subscribers, or persons generally described as members of the Stock Exchange, or members of the house, who transact business;† of the members of the house there are what are termed two classes—brokers and jobbers. A broker seeks as his customers persons not members of the Exchange, who desire to either buy or sell stocks. Having found a customer who has stocks for sale, he ascertains the number of shares and kind of stock his customer desires to sell. With this information he repairs to the Exchange, and there seeks from among the jobbers such an one as he knows deals in this particular kind of stock, and asks that the jobber

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† Cavanagh's Law of Money Securities.

"make him a price," naming the stock and the number of shares. The jobber names to the broker two prices, one being the price he will pay, and the other the price he will give. If the offer is satisfactory, the broker then says he has the stock for sale, and thereupon delivers a ticket to the jobber, and he immediately sends to his principal a "sold note" stating the price at which the stock was sold. He may or may not, as he chooses, give the name of his principal to the jobber, brokers usually do not. The principal holds the stock until the "name day" arrives, when he is given the name of the purchaser of the stock, not the jobber, but the outside person to whom some broker has sold the stock, and to whom it must now be transferred. The jobber to whom the broker sold the stock may have sold it to another jobber, and he to a third, and thus it may have passed through the accounts of several jobbers before finally going to some broker for an outside customer. The stock does not come into the possession of either broker or jobber, nor do they in the several transactions receive the pay for it,

When the "name day," or, as it is sometimes called, "ticket day," arrives, the broker who has sold the stock to the outside customer passes to the jobber from whom he made the purchase the name of his customer, or whatever name may be given as the one to whom the stock is to be transferred, and the jobber passes this name to the broker who first offered the stock, and by him it is given to the customer who holds the stock. The transfer is made and money given direct from one customer to the other. The differences or commissions are what brokers and jobbers receive in their transactions. In each sale of broker to jobber, one jobber to another, jobber to broker and broker to customer, there passes a ticket from seller to buyer upon which is stated the kind of stock, number of shares, the price, and the name of the seller. This is transferred at its face in lieu of the stock. If the seller obtains a price above that named on the ticket, the difference or excess is paid by the purchaser; if a jobber sells at a price below that named on the ticket, he must pay the difference to the purchaser. The jobber only is the one taking risks on the transaction, the broker is sure of his commission or he does no business. The "name day" is the day named upon the ticket which passes from purchaser to seller upon which the stock is to be transferred. It is usually the day preceding the "account day" or "settling day," a day on which, under the rules of the Exchange, all settlements are made. For government stocks, only one "settling day" in a month is provided. For all other stocks there are two. The rules provide means by which contracts may be carried over from one settling day to the next, but unless specially provided, all sales and purchases must be settled on the regular and established days.

Should the buying jobber fail or neglect to furnish on the name day a name to whom the stock is to be transferred, it is taken for granted that he has failed to dispose of it, and the broker who made the sale may then dispose of the stock for whatever price he is able to get, or, as it is called, "sell out." If the price obtained is less than that offered by the buying jobber the jobber is charged with the loss or difference. The rule is equally as good against the broker, for should he fail to deliver the stock, the jobber is entitled to procure it by "buying in" what the broker agreed to deliver. If he pays more than the price agreed upon, the selling broker is chargeable with the difference.

A rule of the Exchange provides that a seller may, upon payment of a premium, postpone the delivery of shares until the next settling day, which act is termed "backwardation." If the buyer takes advantage of the rule, it is termed a "contango."

In the United States the terms "stock" and "shares," as representing joint interests in a corporation, are used synonymously. The term "stock," as meaning shares in a private corporation, comes from the phrase "joint-stock company," the capital of such corporation being called "capital-stock." Therefore, in speaking of stock in this relation, is meant the shares or joint-interests in any kind of a joint-stock corporation. The terms are differently used in England. The word "stocks" is there understood to be government securities, or what in the United States are known as "bonds." The word "shares" is made use of to signify the joint interests in joint-stock corporations.

The Paris Bourse is composed of sixty *agents de change*, who are appointed by the government. Each of these is required to deposit in the National Treasury, to be held as a guarantee of good behavior, 125,000 francs: and with the syndicate of the bourse as a cautionary fund, the further sum of 100,000 francs. The latter is to provide for the payment of losses to customers when such losses are the result of the broker's negligence.

A seat in the Paris Bourse is valued at a million and a half of francs, or about \$350,000; and there has been paid for such a seat as high as two million francs. The certificate of membership is transferable only to a purchaser approved by governing committees.

Settlements of dealings among the members are made twice a month for all securities except rentes, government debentures; and each time of settlement, instead of being made on one day every fortnight, as in the London Exchange, they extend over several days. Both methods are in strong contrast with the arrangement in cities of the United States, where settlements are made daily. One time of settlement on the Bourse commences on the first and the other on the fifteenth of each month. Each settlement extends over a period of five days, exclusive of the day of declaring what

is called the "option," which is the last day of the next preceding month. The settlement at the middle of the month is given a day less, because there are no accounts in rents then maturing, all transactions in these being settled on the first settlement of the month. The first day of the first settlement of the month is termed the "carrying day" for rentes. The second day is called the "carrying day" for all other stocks. The third day, which is known as the "resting day," is set apart for the brokers' clerks to compare transactions and strike balances.

On the carrying day the buyers and sellers agree between themselves upon a rate to be charged upon payments carried or deferred until the next settlement. The rate agreed upon is termed the "report." The plan of comparing accounts and striking balances is similar to the method practiced in the exchanges here, and the one adopted by the associated banks at the clearing-house.

On the fourth day of the settlement the settlements are made with the customers, the brokers determining then what is due them on differences or in full for such stocks as the customer desires to take up. These regular times for settlement do not debar the buyer of stocks from demanding, at any time he may elect, the stocks he has purchased, and upon a tender of the money they must be delivered to him. On the following day, that is the fifth, all accounts remaining unpaid by the customers must be liquidated, and every broker must pay to the committee of the official board of brokers whatever there is due to the other brokers. These payments must in every case be made at or before twelve o'clock noon on the fifth day. This rule is imperative and strictly adhered to. The penalty for failure is graded according to the delay. The delinquent broker may take one hour, or up to one o'clock to pay, but he must pay 10,000 francs or about \$2,000 for each 15 minutes of the hour's grace. Any broker who has not paid at one o'clock is immediately posted as a bankrupt. After twelve o'clock of this day the Board of Brokers, or, as it is called, the *syndicat*, meet and pay by check on the Bank of France the depository of the *Bourse*, where all payments by the brokers are received, the amount due to each stock broker, as it has been ascertained by the comparisons on the "resting day." These payments are made irrespective of any failure of a broker to meet his contracts. If he has failed, the money is taken out of the general fund, made up of the *cautionnement* deposit or guaranty fund.

The brokers do not deliver the stocks to their customers until the sixth day, and then only such stocks as have been bought and paid for not later than on the forenoon of the fifth day. When the customer receives his stock he surrenders his bought ticket received from his broker at the time of the purchase.

What are known in the American Exchange as *bulls* are the *haus-siers* of the French *bourse*, and our *bears* correspond to their *baissiers*. Aside from these two general classes, there are the ever ready "curbstone" operators, known in French Exchange parlance as *coulisse*. It is in the *coulisse* where the speculating Frenchwoman takes a prominent part in stock manipulations. Many of the fair sex are constant attendants at this side bourse, which is in session through the entire business day. The Exchange proper, or, as it is called, the *parquet*, is open for the transaction of business only two hours each day.

The Berlin Bourse is a sort of semi-official exchange. The London Stock Exchange, like all American Exchanges, is purely independent of government interference. The Paris Bourse is, as has been shown, a governmental institution in the sense that its members are all appointed by the government, with authority to act as brokers only on their own account, but cannot themselves buy, sell, nor own the securities or stocks. They simply negotiate for others. The Bourse at Berlin is managed somewhat differently from either of the others. It is under the supervision of a department of the government known as the Corporation of Merchants or "College of Ancients." The number of members of the bourse is not limited, but is open to any person, women, children and bankrupts excepted, who may desire to become a member and has the approval of the President of the Corporation of Merchants.

There is a special board known as "sworn brokers" who are not in reality brokers, but regulators of prices on the "official list" of securities. They receive their appointment from the President of the Corporation of Merchants, but are not permitted to buy, sell, nor negotiate sales of stocks. The class who are the brokers proper are called "free brokers." The seats are not sold, but the government levies a tax on all negotiations through the bourse, and the members pay a fixed price for season tickets of admission, which varies according to financial standing of the member, or the importance of their business operations. In addition to these the government also issues "commercial licenses." This is a tax which all persons engaged in financial enterprises of any kind must pay. These licenses are divided into three classes: A1, A2 and B. The first comprises commercial and financial firms having a large capital, the second those firms having a moderate capital and good credit, and who do a moderately extensive business, the third takes in the small business enterprises.

The quotations at the bourse are classified under three heads:

First.—Official quotations.

Second.—Unofficial quotations.

Third.—Special quotations.

In the first category are included: cash transactions, and cash

transactions only upon such securities as have been accepted by the Corporation of Merchants as *bona fide* enterprises based upon a capital of one million marks, or about \$250,000. This comes after a careful examination of the constitution of the company and a scrupulous verification of the amount paid upon its script, provided also that the postulants be endorsed by three respectable mercantile or financial firms, and be approved by the College of Ancients. This body, after one week's publication in the principal newspapers of the merchant's guilds, reports and makes known its decision. Should the decision of the college be adverse to listing the stocks of the new corporation, the corporation will be so notified, but the reasons for such adverse decision will in no case be communicated. These formalities apply only to stocks for admission to the official list. The dealings in this class of stocks are for cash only. Time contracts are not permissible in these transactions, either in the public funds, bills of exchange or other securities. Prices on the official list are established by the commissaries of the bourse, who are appointed, as stated, by the president of the Corporation of Merchants. They hold office one year, and receive the reports of the "sworn brokers" concerning all affairs in which they had been intermediaries.

Admissions to the non-official list are granted by the Commission of the Bourse upon the proposal of the brokers. The prices of this list are not fixed but are regulated by the prices given stocks on the official list. They are not restricted to cash transactions.

Stocks which fail to be admitted to the non-official list may be brought in under the head of special quotations. Though they have no official standing or endorsement, it is needless to say they find any number of operators whose appetites for speculation are so whetted with excitement that they seize upon almost anything in the shape of a joint-stock enterprise. The scheme must, of course, have some reasonable show of solvency and success before its shares will be taken even by this class. And it not infrequently happens that the stocks brought in under this quotation prove most profitable investments.

The State levies a stamp tax upon each "bulletin" of negotiation and each "winding up" of an account. On the bulletin and winding up of cash transactions this tax is twenty pfennigs or about five cents. On each time operation it is one mark or about twenty-four cents. The revenue from this tax gives an idea of the extent of the business of the Bourse. It amounts annually from 2,000,000 to 3,000,000 marks, or about a-half to three-quarters of a million of dollars.

The Vienna Bourse is an important European institution. The chief financial market of a great city with over 700,000 people who are as much given to speculation as are those of Austria-Hungary,

must from this nature of things present an interesting scene. Especially has this bourse been the place of active operations during the past few years, while the financial and commercial affairs of the Empire has been undergoing a change approaching in its consequences a financial revolution. The action of the government in absorbing the entire railway interests of the country has been one cause of activity at the Vienna Bourse. The extent of operations on 'change may be surmised from a statement recently published showing the losses upon the Bourse during one year (1884).

To shareholders in the Anglo-Bank.....	2,500,000 flo.
To the Bank Association.....	1,500,000 "
To the Luder Bank.....	6,800,000 "
To the Union Bank.....	5,100,000 "
To the Discounting Association.....	2,590,000 "
To Ferdinand's Northern Railway.....	17,300,000 "
To the Mining Company.....	7,000,000 "
To the Iron Industry Co. of Prague.....	1,170,000 "

An Aggregate of..... 43,960,000 "

or nearly twenty million dollars.

The Bourse is in part an official and in part a free institution. The official market is composed of "sworn" brokers who give security in the sum of 10,000 florins, and must hold their books subject to government inspection. This class under the presidency of a member of the Syndical Chamber establishes the price list, admission to which of any security, requires the endorsement or authority of Minister of Finance and the visa of the Syndical Chamber. Before being quoted upon the list, all securities except government funds and municipal and provincial bonds are taxed one-tenth of one per cent. of the scrip issued. Every operation made by the brokers irrespective of its importance is subject to a stamp tax of five kreutzers. Mention in the official list is made only of cash operations, but the brokers have authority to negotiate "time" purchases, and sales even, with securities not quoted in the official list, and engagements resulting from these are considered as legally binding as ordinary commercial debts.

Litigation resulting from operations on the Bourse is conducted before the Syndical Chamber, whose judgments are without appeal and may be executed summarily against the judgment debtor. The broker's commission is one-half of one per cent. on the real or nominal value of the negotiation. His annual ticket of admission costs seventy-five florins, about thirty-five dollars, and, like any other merchant or banker here, as in Berlin, the cost of his license depends upon the importance of his business and his annual income.

SELDEN R. HOPKINS.

[TO BE CONTINUED.]

STATE BANK NOTES.

A city contemporary expresses the opinion, that without such new and remedial legislation by Congress as will maintain the National banking system in existence, a "*necessity*" will arise for restoring to the State banks their old rights of issuing currency notes. It is possible that in saying this, our contemporary intended nothing more than to suggest, that if the National bank system is suffered to lapse, there will be an effort, difficult to resist, to revive the note-issuing powers of the State banks, and that the avoidance of that danger is among the many important reasons why some new basis for National bank notes should be seasonably provided to take the place of the Government bonds, which seem destined to disappear at no distant day. But we totally dissent from the idea that there can be any such thing in any event as a "*necessity*" for a return to State bank note issues, or that such issues ought ever to be referred to as among the contingencies possible to be tolerated in the future under any conceivable circumstances. Whatever disagreements there may be as to the proper characteristics of money in this country, there is now very little disagreement, and there ought not to be any, that nothing should be allowed currency as money which is not National in its authorization: National in the regulation of its quantity so far as it consists of paper; and National in the sense of being made everywhere acceptable without discount, by some measures efficient to that end, such as the Government guarantee of ultimate redemption, or receivability in all, or at any rate in important branches of the National revenue. Indeed, it is difficult to understand upon what principle the Government can permit the circulation as money, of anything which it does not itself receive, and cannot safely receive in all branches of the revenue, although, of course, any existing public contract to receive only special kinds of money for certain taxes, however unwise such contracts may have been, must still be carried out.

State bank notes, in former times, constituted an organized system of vexation and of public spoliation for the benefit of brokers. They would be immeasurably more mischievous in the present condition of the country, of which Mr. Coe well said at the American Bankers' Convention of 1881—

States once comparatively isolated have become interlocked with the others by railroads and modern motors, and sections once distant and almost exclusive in their local trade and currency are now banded together by commercial ties and easy modes of social intercourse. Modern commerce knows no State lines. Currency notes, once emitted anywhere within the States of the Union, diffuse themselves among the people of the broad land and become practically National.

To permit each one of thirty-eight States to inflate or contract at its pleasure the volume of the paper money of the whole country, is to abandon the National authority in a particular quite as vital as any other. The States are expressly forbidden either to coin money or to issue bills of credit, both of which prohibitions are set at naught by their creation of banks clothed with the function of issuing notes for monetary circulation. They were never anything but an abuse, and although circumstances compelled its long toleration, it was finally taxed out of existence in March, 1865. During the nearly twenty-two years which have since elapsed, no attempt to revive them has been made in Congress, and the reasons against their revival are being constantly strengthened by time.

The present basis for National bank notes will not wholly disappear for many years, and in the meantime there is no occasion for giving up the hope that some new basis can be suggested, which can be shown to be safe and practicable, and can also be made acceptable to majorities in Congress. It can only work mischief to suggest a revival of State bank issues as being among the possibilities of the future. The result of such a suggestion will be the diversion of thought and discussion from efforts to agree upon some possible modifications of the present National banking system, which will still secure to the country the universally admitted advantages of the currency which it now furnishes.

THE UNITED STATES TREASURER'S REPORT.

That portion of Mr. Jordan's report relating to the bank circulation is here laid before our readers.

The National bank notes presented for redemption during the fiscal year amounted to \$130,296,606, which was \$19,912,523, or 13.26 per cent. less than the amount presented for redemption in the fiscal year 1885. That there would be a falling off in the amount presented for redemption was indicated by the amount presented during the first three months of the fiscal year; and my opinion, based thereon, and expressed in my last report, that the culminating point in the second upward movement in bank-note redemptions had been reached in the fiscal year 1885, has been verified.

The rate of increase in the redemptions of bank notes during the second upward movement, covering the fiscal years 1882, 1883, 1884, and 1885, is represented by the percentages 27, 34, 22, and 19, respectively. A feature of this upward movement was the constantly decreasing volume of National bank notes actually outstanding from \$362,421,988 on Jan. 1, 1882, to \$319,069,932 on June 30, 1885, a decrease of \$43,352,056. This seems to indicate that the volume of bank notes outstanding during that period was excessive, or above the point at which it could be profitably maintained. Another fact, however, should be considered in this connection, which is that during these four years of increase in redemptions, the silver-certificate circulation of the country was increased \$75,755,182, from \$39,110,729 on June 30, 1881, to \$114,865,911 on Dec.

31, 1884. This increase much more than balanced the decrease in bank-note circulation, and the apparent excessive issue of bank notes might to a considerable extent be due to that fact. The decline in the volume of bank-note circulation has continued without interruption, until the amount outstanding on Sept. 30, 1886, as reported by the Comptroller of the Currency, was \$303,611,241, making a total reduction of \$58,910,747 since Jan. 1, 1882; and also after Dec. 31, 1884, the silver-certificate circulation gradually decreased, until on July 31, 1886, it had fallen \$27,301,867 to \$87,564,044. The average outstanding for a year preceding that date was about \$91,000,000. Since July 1, 1885, the decline in the bank-note circulation has apparently had the effect to check the increase in bank-note redemptions, as they have steadily fallen off from that date, until they now are for the current fiscal year about 31 per cent. less than in the preceding year.

In counting the remittances of bank notes received for redemption during the year there was found \$25,528 in "overs," being amounts in excess of the amounts claimed, and \$8,246 in "shorts," being amounts less than the amounts claimed—an increase in both items as compared with the preceding year, when they were \$17,060 and \$6,445, respectively. The counterfeit notes rejected and returned represented the nominal value of \$2,700, which was \$840 less than the amount rejected during the preceding year. The total amount of counterfeit notes which have been found in remittances of National bank notes since the establishment of the redemption agency at the Treasury in 1874, is \$48,519. The "stolen" National bank notes, that is, notes fraudulently put in circulation without the signatures of the bank officers, found in remittances during the year and rejected, amounted to \$420.

As usual, the months of September and January during the fiscal year have respectively furnished the smallest and largest amount of National bank notes for redemption, the former month \$7,589,000, and the latter month \$17,485,000—a difference of nearly \$10,000,000.

From the principal cities the receipts were as follows: From New York, \$49,487,000, or 37.98 per cent., exceeding as usual the amount received from any other place during the year; from Boston, \$30,031,000, or 23.05 per cent.; from Philadelphia, \$7,323,000, or 5.62 per cent., and from all other places, \$43,455,600, or 33.35 per cent. The average percentage of receipts for the eleven fiscal years ending June 30, 1885, from the cities named and all other places was: for New York, 39.02 per cent.; for Boston, 24.53 per cent.; for Philadelphia, 6.07 per cent., and for all other places, 30.38 per cent., showing, by comparison, that in the last year there has been a slight decrease in the percentage of bank notes received from the principal cities, and a corresponding increase in the percentage received from all other places.

The total payments for National bank notes redeemed during the year were \$130,029,625.12, and were made as follows: By the Treasurer's transfer checks drawn on the assistant treasurers of the United States and transmitted by mail, \$74,149,555.26, or 57.02 per cent.; by United States notes forwarded by express at the expense of the consignees, \$9,204,752.76, or 7.08 per cent.; by fractional silver coin and standard silver dollars forwarded by express and mail at the expense of the Government, \$555,037.84, or .83 per cent.; by redemptions at the counter, \$8,385,485, or 6.45 per cent.; by credits in general account as transfers of funds from sub-treasuries and designated depositories, \$31,007,087.30, or 23.85 per cent.; and by credits in redemption accounts, \$6,727,706.96, or 5.17 per cent. It is worthy of remark that 92.92 per cent. of these payments was made without cost to the senders of the bank notes, and that only 7.08 per cent. of the payments were made at

the expense of the consignees for express charges. The payments made in the preceding year at the expense of the consignees were 12.83 per cent. Year by year the payments in redemption of bank notes effected by the use of checks and credits have increased until practically the total redemptions are now so made.

The deposits made by National banks during the year to maintain the 5 per cent. redemption fund amounted to \$103,359,393.61. Of this sum, \$92,363,184.15, or 89.36 per cent., was deposited for the Treasurer in the nine sub-treasury offices, and afforded more than the amount necessary to pay the transfer checks drawn by him against these offices in the redemption of National bank notes. The balance of the deposits, amounting to \$10,996,209.46, was received directly by the Treasurer—\$1,787,241.84, or 1.73 per cent. of the total deposits, over the counter; \$3,433,468.78, or 3.32 per cent. in lawful money forwarded to him by express at the consignors' expense; and \$5,775,498.84, or 5.59 per cent. in proceeds of National bank notes redeemed.

There were assorted and delivered on the 5 per cent. account during the fiscal year \$101,234,035 in redeemed notes. Of this sum, \$46,701,100, or 46.13 per cent., was forwarded to the banks of issue in notes fit for circulation, and \$54,532,935, or 53.87 per cent., in notes unfit for circulation, was delivered to the Comptroller of the Currency, to be destroyed and replaced with new notes. The total amount delivered on the 5 per cent. account was \$17,070,465, or 14.43 per cent. less than the amount delivered in the preceding year. This decrease is the result of a falling off of \$18,136,765 in the amount of unfit notes delivered, and an increase of \$1,066,300 in the amount of fit notes forwarded to banks.

The deposits made by National banks "failed," "in liquidation," and "reducing circulation" during the year, under the various provisions of law, for the retirement of their circulation, amounted to \$51,209,961.75, being nearly double the amount so deposited in the preceding year. This large increase was in great measure due to the calling in for payment by the Government of its 3 per cent. bonds, which were largely owned by the banks and pledged with the Government as security for their circulating notes. Included in the above amount is \$32,423,156.75 deposited by banks under the provisions of Section 6 of the Act of July 12, 1882, which requires that "at the end of three years from the date of the extension of the corporate existence of each bank the association so extended shall deposit lawful money with the Treasurer of the United States sufficient to redeem the remainder of the circulation which was outstanding at the date of its extension."

The amount of notes redeemed, assorted and delivered during the year on account of these classes of banks was \$29,557,588. The balance on account of these deposits ran up during the year in the sum of \$21,652,373.75, which, added to the balance of June 30, 1885, made the balance at the close of the year, June 30, 1886, \$60,248,705.85, the largest sum at any time before held in the Treasury for the redemption of the circulation surrendered by the National banks. The total deposits made on these accounts since the establishment of the National banking system to the close of the year were \$295,225,393, and the total redemptions of notes out of these deposits were \$234,976,687.15. During the first five months of the current fiscal year, these deposits have been \$37,926,885.25. The redemptions for the same period have been \$11,064,273.50, making an increase of \$26,862,611.75 in the balance on deposit, which on November 30, 1886, was \$87,111,317.6.

The assorting and delivering of redeemed National bank notes at shorter intervals than formerly, which was adverted to in my last report, was continued throughout the year. The number of packages prepared

and delivered was 106,236, being 44,967 more than in the preceding year. Of these, 29,690 inclosed notes fit for circulation to the respective banks of issue, and 76,546 inclosed notes to the Comptroller of the Currency for destruction.

The expenses incurred in the redemption of National bank notes during the year, and paid out of the 5 per cent. fund, were \$168,243.35, and were less by \$13,613.81 than the expenses incurred in the preceding year. They were made up as follows: For charges for transportation, \$74,490.52; for salaries, \$89,065.18—\$75,322.19 in the Treasurer's office and \$13,742.99 in the Comptroller's office; for printing and binding, \$3,190.89; for stationery, \$1,163.65; and for contingent expenses, \$333.11. The charges for transportation cover the cost of transporting the National bank notes to Washington and the return of the assorted notes fit for circulation to the respective banks of issue. This item of expense fluctuates according to the amount of notes presented for redemption, and by reason of diminished redemptions during the year was \$10,764.96 less than in the preceding year. In the expenditure for salaries there was a saving of \$4,306.64 as compared with the preceding year, and a saving of \$9,314.82 of the amount appropriated for that purpose. These expenses will be assessed in the usual manner, in compliance with law, against the National banks whose notes have been redeemed. The amount of notes redeemed during the year, which under the law are subject to assessment, is \$128,518,763.50, making the rate of expense \$1.30 $\frac{9}{100}$ per \$1,000.

During the year assessments for expenses of retiring the circulation of National banks in liquidation, made under the provisions of Section 8 of the Act of July 12, 1882, amounted to \$3,292.20. A charge was made to that fund on November 16, 1885, of \$9,627.21, for its share of the expenses of the fiscal year 1885 incurred in redeeming the notes of liquidating banks subject to the provisions of Section 8 of the Act of 1882, to the amount of \$7,658.877, at \$1.25 $\frac{1}{4}$ per \$1,000, the rate of expense for that year. The balance of the credit to that fund on June 30, 1885, was \$33,681.29, and on June 30, 1886, it was \$27,346.28.

As there seems to be on the part of the public an idea that the Treasury is locking up money in its vaults on account of this fund, the whole operation of the retirement of the notes of a National bank will be stated here in order to relieve any apprehension which may be felt on this subject. The 3 per cent. bonds of the Washington National Bank of Westerly, R. I., amounting to \$100,000, were called on the 15th day of September, 1886. On the 12th day of October, 1886, the bank sent its duplicate receipt to this office, the original being held by the Comptroller of the Currency, with the request that a deposit of 90 per cent. of the above amount should be made to retire its circulation with the Treasurer of the United States, as agent for the redemption of the notes of the National banks, and requesting a check for the 10 per cent. difference. Accordingly a credit was placed upon the books of the Treasurer, as agent for the National banks, for \$90,000, and a check for \$10,000, and the amount standing to the credit of the bank in the 5 per cent. redemption fund—in this case \$4,500—returned to the bank. The amount of redeemed notes charged to this account since it was opened is \$1,892. The annual percentage of such redemptions is 25.22, and it will therefore take at least four years before the greater part of the notes of this bank will be redeemed. The amount credited to the general fund thus created stands on the books of the Treasurer, as agent, as a credit for the redemption of the notes of the banks, and as the notes come in for redemption they are charged to this account, and the National bank circulation outstanding is decreased by a corresponding amount. At

present, owing to the active business season, none but mutilated notes are sent in for redemption. Persons presenting these notes for redemption are paid either by check on New York or in such form of currency as may be desired by them. The indebtedness on the part of the Treasury, created as above described, is no doubt due in legal tenders, but is liquidated in the manner stated, and no attempt is made to reserve any specific sum of legal tenders, or any other form of currency, out of the general Treasury balance in which to pay these constantly-accruing liabilities. There was on November 30, of this kind of liability, adding the 5 per cent. fund which, theoretically, is also composed of legal tenders, the sum of \$94,752,389. The total amount of legal tenders in the Treasury on the same date, exclusive of that held to redeem the legal tender certificates which are used in the banks as reserve in their stead, was \$29,548,188, thus showing that there must be held in the Treasury in some other forms of money the balance of \$65,204,201. The entire sum of \$94,752,389 may be said to be composed of \$29,548,188 legal tenders, \$32,602,100 standard silver dollars and \$32,602,100 gold. If the books of the Treasury stated accurately the balances due by it as a depository, the amount now reported as a credit balance would be materially decreased. That these balances should not be so reported is, in the opinion of the Treasurer, one of the greatest defects of the present Treasury system.

REPORT OF COMPTROLLER OF THE CURRENCY.

The following is an extract from the report of Mr. Trenholm, Comptroller of the Currency:

Upon the security of its bonds deposited with the Treasurer, each bank is entitled to receive, and the Comptroller of the Currency is by law required to issue to it, circulating notes to the amount of 90 per cent. of the market value, and not more than 90 per cent. of the par value of the bonds. Any bank may deposit more than the minimum of bonds, and may take out circulating notes for 90 per cent. of its deposit, providing that its entire outstanding circulation against bonds does not exceed 90 per cent. of its capital stock actually paid in. The circulating notes when issued by the Comptroller are in sheets, and are not valid until signed by the bank officers designated by the statute.

Under the present law the minimum deposit of bonds required to be made by the 2,852 National banks in operation in the United States on October 7, 1886, in order to continue as National banking associations, would be but \$84,365,312.

Tables in the appendix show by States and geographical divisions the National banks in operation on October 7, 1886, separated into two classes, namely, banks of which the capital does not exceed, and banks of which the capital exceeds \$150,000. The first class contains 2,001 banks, with an aggregate capital of \$167,261,245; the second 851, with an aggregate capital of \$380,979,485. The minimum of bonds required to be kept on deposit by the entire body of banks in the first class is \$41,815,312; the minimum for the 851 banks of the second class is 42,550,000. If all banks held only the minimum of the bonds, the total National bank circulation would be \$75,928,781, while the possible maximum of circulation, being 90 per cent. of the aggregate of the National bank capital, would be \$493,416,657. The actual circulation on

October 7, 1886, was \$303,176,776, inclusive of \$71,953,145 still outstanding, but which is no longer represented by bonds, but by that amount of lawful money deposited with the Treasurer of the United States to redeem it. The \$231,223,631 of circulation for which the banks are responsible is composed of \$86,517,585, secured by the bonds deposited by the 2,001 banks having \$150,000 capital and less, and \$144,706,046 secured by the bonds belonging to the 851 banks of which the capital exceeds \$150,000. The first class of banks have therefore \$48,883,805 more than their minimum, and \$64,017,536 less than their possible maximum circulation, while the larger banks have \$106,411,046 more than their minimum, and \$198,175,491 less than their maximum.

The following table shows the number of banks organized from July 1, 1882, to July 1, 1886, their capital stock, amount of bonds deposited, and the circulation issued thereon :

<i>Fiscal year.</i>	<i>No. of banks.</i>	<i>Capital.</i>	<i>Minimum bonds required.</i>	<i>Bonds actually deposited.</i>	<i>P.c. of excess</i>	<i>Circulation issued.</i>
1882-83 ...	251	\$26,552,300	\$5,155,500	\$7,116,400	28	\$6,404,760
1883-84 ...	218	19,944,000	4,016,000	4,676,100	14	4,208,490
1884-85 ...	142	15,205,000	3,061,250	3,332,800	8	2,999,520
1885-86 ...	163	17,553,000	3,404,500	3,715,500	8	3,342,950

From the foregoing table it appears that 774 banks have been organized between the dates given, with a capital of \$79,254,300, that they have deposited \$18,840,800 bonds, upon which circulation to the amount of \$16,956,720 has been issued. The minimum deposit of bonds as required by law for such banks is \$15,637,250, and it will be observed that while the actual deposit has in the aggregate exceeded the minimum absolutely required, yet this excess steadily decreased during the first three years covered by the table, and during the years ending July 1, 1885, and July 1, 1886, the percentage of excess remained the same, namely 8 per cent. Of the 163 National banks organized during the past fiscal year, 96 have a capital of \$50,000 each, amounting to \$4,800,000; 44 have a capital of over \$50,000 and not exceeding \$150,000, amounting to \$4,218,000; and 23 have a capital of \$3,535,000. The latter class of banks deposited only \$100,000 of bonds in excess of the minimum required by law.

Tables have been prepared, and will be found in the appendix, showing for the National banks in each State, Territory, and reserve city, the minimum amount of bonds required by law, the bonds actually held, and the circulation issued thereon and outstanding October 7, 1886, also all other information deemed useful as to circulation.

Banks are privileged to change their deposited bonds from time to time, to increase and to reduce the amount, within limits, and are required to inspect once a year the bonds held for them in trust by the Treasurer. The Comptroller of the Currency is the agent and medium of all such changes; his indorsement on the bonds establishes their ownership and alone validates their transfer. Section 5,163 of the Revised Statutes requires him to record every act of deposit, transfer, and withdrawal, and to keep a set of books for the purpose.

* * * * *

The diagram accompanying this report exhibits in a very striking manner the main features of the National banking system, and how

each has varied during the twenty-one years since the peace of the country has been re-established.

On the 1st of January, 1866, there were 1,582 National banks; on the 7th of October, 1886, there were 2,852—a net increase in number alone of 1,270.

The following table groups in a compendious form the most important facts shown in the diagram :

	<i>January 1, 1866.</i>	<i>October 7, 1886.</i>	<i>Highest point touched.</i>	<i>Lowest point touched.</i>
Capital.....	\$403,000,000	\$548,000,000	\$548,000,000 Oct. 7, 1886.	\$403,000,000 Jan. 1, 1866.
Capital, surplus and undivided profits...	475,000,000	772,000,000	772,000,000 Oct. 7, 1886.	475,000,000 Jan. 1, 1866.
Circulation	213,000,000	228,000,000	341,000,000 Dec. 26, 1873.	213,000,000 Jan. 1, 1866.
Total investments in U. S. Bonds.....	440,000,000	291,000,000	712,000,000 April 4, 1879.	291,000,000 Oct. 7, 1886.
Deposits.....	522,000,000	1,173,000,000	1,173,000,000 Oct. 7, 1886.	501,000,000 Oct. 8, 1870.
Loans and discounts..	500,000,000	1,443,000,000	1,443,000,000 Oct. 7, 1886.	500,000,000 Jan. 1, 1866.
Cash :				
Nat'l bank notes...	20,000,000	23,000,000	28,000,000 Dec. 31, 1883.	11,000,000 Oct. 7, 1867.
Legal tender notes..	187,000,000	63,000,000	205,000,000 Oct. 1, 1866.	50,000,000 Mar. 11, 1882.
Specie	19,000,000	156,000,000	177,000,000 July, 5, 1885.	8,000,000 Oct. 1, 1875.

An examination of this table shows that the aggregate capital, surplus, undivided profits, circulation and deposits have increased from \$1,210,000,000 in January, 1866, to \$2,173,000,000 in October, 1886, which is less than double, while the loans and discounts have gone up from \$500,000,000 to \$1,443,000,000, which is nearly treble, showing how much more widely the banks are now identified with the general business of the country than they were twenty-one years ago.

The investments in bonds have taken an opposite course. Amounting to \$440,000,000 in 1866, increasing to \$712,000,000 in April, 1879, they had subsided by 7th October last to \$291,000,000, but little more than half what they were in 1866, and scarcely over a third of what they momentarily amounted to in 1879.

The specie, which at the beginning of the period was but \$19,000,000, had got down in October 1875, to \$8,000,000, is now \$156,000,000, and in July, 1885, was \$177,000,000.

It is interesting to see how these changes appear when reduced to percentages.

The capital, surplus, undivided profits, circulation and deposits constitute together the fund upon which a bank does its business.

Loans and discounts, United States bonds, specie, &c., are different forms in which this fund is invested. Taking the fund at \$1,210,000,000 in 1866, and at \$2,173,000,000 in 1886, these investments represent the following proportions of these amounts, viz :

	1886.	1886.
Loans and discounts.....	41' 32	66' 40
United States bonds.....	36' 36	13' 39
Specie.....	1' 57	7' 18
Total.....	79' 25	86' 97

Another striking fact is that in 1866, the circulation was \$213,000,000, and in 1886 it is only \$228,000,000. At the former period, therefore, the circulation was nearly 45 per cent. of the capital, surplus and undivided profits, while now it is only about 29 per cent.

There has been for some years more or less friction arising out of this mode of assessing and collecting taxes on National bank shares in some of the States.

The subject has been frequently and fully treated by my predecessors, and therefore in renewing it I need say only that as Congress obviously intended to protect the National banks from discriminative taxation, it would seem proper that force be given to this purpose by its more definite expression in the law.

In consequence of different constructions placed by taxing officers upon the existing statute, litigation of a costly and more or less irritating character has arisen in States which together contain nearly one-half of all the National bank capital in the Union.

In selecting the information presented in this report I have endeavored to exhibit the practical working of the present National currency and bank laws, and I have also had in view the importance of supplying material for a full understanding of the relations between the National banks and the general business of the country, in order to explain the widely prevalent desire among business men for some legislation directed to the establishment of these banks upon a more permanent basis.

The National banking system had its origin during the war, and it will always stand splendid in history as an example of financial skill successful under very difficult circumstances.

The problem of 1863 was how to bring the banking capital of the country to the support of the Treasury, and it cannot be doubted that the banks then had it in their power to exact from the Government concessions far more valuable than those granted them. Even these moderate concessions have long since lost all the elements of monopoly, and the Act of June 20, 1874, actually took away \$55,000,000 of circulation partly from banks organized during the war, in order to give the privilege of issuing that sum to banks in States that were cut off by the war from access to the National banking system; a measure entitled to honorable consideration, because at that time those States were without sufficient political influence to exact a share in this valuable privilege, and the then existing banks were strong enough to have made a successful resistance if they had been selfishly inclined.

The last vestige of monopoly was swept away by the Act of January 14, 1875, which created a free banking system throughout the United States, and, supplemented by the Act of July 12, 1882, brought its benefits within the reach of even small communities.

Under the sanction of these laws the National banks have become numerous, widely distributed and intimately identified with the varied industries by which our entire population literally obtain their daily

bread, but during the same time the rapid reduction of the funded debt of the Government has been introducing into the very basis of the system an element of instability which now hampers its extension, impairs its usefulness, and even threatens its continued existence, while there are still great areas of our country in which the natural resources are awaiting developments by just such means as these banks might be made to supply.

The present financial prospects of the country induce the expectation that the funded debt will be paid off as fast as the bonds mature, and, in consequence, a question has arisen as to what changes should be made in the National bank system in order that it shall not suffer deterioration or destruction upon the withdrawal of the support upon which it is based by the present laws, which require every bank before beginning business to deposit a certain amount in United States bonds.

The payment of the 3 per cent. bonds, the maturity in 1891 of the $4\frac{1}{2}$ per cent. bonds, amounting to \$250,000,000, and in 1907 of the 4 per cent. bonds, amounting to nearly \$738,000,000, have combined to produce a prospective scarcity in the securities available to the banks as a basis for their corporate existence, and this is reflected in the advance of these bonds to a premium so high that every day their enforced purchase becomes more and more onerous.

Banks now holding only 3 per cent. bonds, and newly organized National banking associations, are forced into the market as purchasers of the 4 per cent. or the $4\frac{1}{2}$ per cent. bonds, and this constant demand, in connection with the prospective scarcity already referred to, sustains and tends still further to elevate the premium on these bonds.

As the time approaches for the payment of the $4\frac{1}{2}$ per cent. bonds, it is reasonable to expect a still greater demand for the 4 per cents., and it is a question of serious importance whether the banks can afford to hold or to buy 4 per cent. bonds after 1891.

In the present age all business men try to anticipate future conditions and to provide well in advance against foreseen contingencies; hence it is to be expected that the banks will not wait until the approach of 1894 to shape their policy with reference to the continued holding of high-priced bonds. For this reason it is not too early now to consider what legislation may be proper to remove this element of future uncertainty from the National banking system, and looking to the possible consideration of this subject by Congress, I respectfully submit the following statement of the question as it appears from the point of view officially occupied by the Comptroller of the Currency.

The fundamental postulates underlying every banking system established by law, whatever may be its form, must necessarily be:

First. That banks promote the general welfare of the community; and Secondly. That the particular system established by law is the best obtainable under the conditions prevailing at the time and place.

These postulates, therefore underlie our National banking laws.

The first postulate will not be questioned, since no people in modern times have ever risen to civilization, or maintained their civilization without banks; and least of all can it be questioned in this country where, besides 2,868 National banks now in operation, we have over 5,000 State banks, savings banks, and private banks and bankers, whose operations extend into the minutest ramifications of the employments and resources of our 60,000,000 of population.

The second postulate involves the question whether the present National bank system should be preserved, and if so, whether it is good enough as it is or whether it can be improved.

The National Currency Act of February 12, 1863, was controlled as to

its purposes by the paramount necessity of inducing the banks and other capitalists to become purchasers of Government bonds under conditions that would give a basis of solid value to the currency then being paid out in immense volume under the pressure of military exigencies, hence the consolidation of these banks into a National banking system adapted to commercial and industrial needs appears only as a subordinate incident in the general scheme. As early, however, as the year 1864, it was perceived that the general welfare of the people would be prompted by giving greater cohesiveness and method to the systems regarded more especially in its banking than in its currency features, and from that time to this the effort of legislation has been to subordinate the issuing of currency to the more important functions performed by the banks as institutions of discount and deposit. The effect of this legislation and its wisdom are exemplified in the present high credit and the consequent wide commercial usages of National banks.

If the system could be preserved as purely one of deposit and discount, there would probably arise an almost universal sentiment in favor of bestowing upon its preservation immediate and careful attention, but it is doubtful whether the banks would find sufficient inducement to remain in the system without enjoying some privileges as to the issue of currency, and it has been questioned whether there is power under the Constitution for the charter of National banks, except as instrumentalities for a money circulation.

It follows, therefore, that any legislation directed to the improvement and permanent establishment of the National banking system must include some provision for the maintenance of a National bank circulation, while on the other hand it appears that whatever opposition exists to the National banks attaches to them mainly as banks of issue, and under our system of government nothing can be regarded as permanently established until it has obtained the support of a well-settled public opinion. Hence it is evident that the problem now to be solved is how to remodel the currency features of the National bank system so as to obtain popular approval of them.

Objections to the present National bank currency appear to be comprised within three classes, namely :

1. General objection to paper money in any form.
2. An objection to National bank notes based upon the assumption that they take the place of an equal amount of paper money that might be issued directly upon the credit of the Government.
3. The objection that a currency determined in volume by a definite percentage upon deposited securities of high value can never possess the flexibility and elasticity of volume which are the chief commercial advantages of a bank currency in any form.

Against these objections it has been answered—

1. That the question as to having paper money at all is not at present a practical one, because it is evident that our people will have paper money in one form or another, and that of all forms of paper money of which we have had any experience, the present National bank currency is the least objectionable, even to those who think that all such money should be avoided.
2. That while a bank currency based on Government bonds and redeemable in greenbacks may be considered as a kind of Government money on which the banks are getting the profit, yet without this privilege, or some other equivalent to it, the National bank system could never have been established, nor can it now be maintained, and that this is the cheapest price at which the people or the Government could have got any banking system so good in all respects and so valuable as this has proved to be.

Another argument is that the Government must pay interest upon its bonds whether these are held by the banks or not, hence the profit to the banks on these bonds has been obtained without charge on the Treasury; while, on the other hand, if the banks had not been offered sufficient inducement to invest in these bonds, many more of them would have gone abroad at low prices, and the country as a whole would now be so much the worse off.

3. That the want of flexibility in the currency and of elasticity of volume are consequences arising from the scarcity of bonds and the high prices to which they have risen, and that this could not have been foreseen nor provided against in the original acts, but may now be remedied by proper legislation.

These objections and the answers to them are stated without comment. They are gathered from current discussion in the press, and seem worthy of consideration.

Some suggestions have been made to me as to new legislation on the subject, which, together with such conclusions as I have been able to reach, are subject to whatever disposition Congress may be pleased to order.

PROGRESSIVE TAXATION IN SWITZERLAND.

Under a law passed this autumn the principle of graduated taxation will, on the 1st of January next, come into force in Vaud, the Canton which, in point of population and wealth, ranks third in the Swiss Confederation. It is remarkable that a country like Switzerland, where greater equality of wealth and other conditions prevails than in most European States, should be the first to adopt a principle which seems to be needed much more in countries like England or France, where inequalities of fortune are dangerously great. Progressive taxation already prevails in ten of the Swiss Cantons, containing near half the population of the entire Confederation. It cannot, therefore, be considered an experiment in Vaud, which is only following the example of her sister States, and has legislated by the light of their experience.

The English Foreign Office has just issued a Blue Book containing reports of its representatives in France, Germany and the United States on the taxation of personal property in those countries. But it would have been more profitable to have had a similar report of taxation in Switzerland, and particularly on the working of the *impôt progressif* so far as it has been adopted. The new Vaudois law divides real property into three classes, which are to be taxed in the following proportions: 1 per 1,000 for estates under \$5,000 capital value, $1\frac{1}{2}$ per 1,000 between \$5,000 and \$20,000, and 2 per 1,000 for estates exceeding \$20,000 in value. Personal property is divided into seven classes, the lowest class being under \$5,000, the highest exceeding \$160,000 capital value. The rates of taxation on these classes are to be in the proportion of 1, $1\frac{1}{2}$, 2, $2\frac{1}{2}$, 3, $3\frac{1}{2}$, and 4 per 1,000. Incomes from earnings are also divided into seven classes, but, in arriving at the net amount to be taxed, a deduction of \$80 is allowed for each person legally dependent on the head of the family for his support. The result of this is, that while a bachelor earning \$1,000 a year would pay a tax of \$15, a married man with the same income and ten children would pay but 50 cents, and if he had twelve children nothing. The Vaudois law was carried by overwhelming majorities when submitted, as was necessary, to a "referendum" vote of the whole people, and at every subsequent stage of its progress.

Taxation is comparatively an easy matter in a country like Switzerland, where the head of almost every family is a landowner. In England and Ireland, where it may be said of the mass of people that "they haven't a sod of ground but the sky overhead, and live from hand to mouth, like birds in the air," the people generally can be reached for revenue purposes only by indirect taxes. The result of this is a very decided graduation of the burden of taxation in the wrong direction. The taxes being levied on articles of general consumption, which are not used in greater quantities by the rich than by the poor, the latter contribute a much larger share of their incomes to the revenue than the former do.

It is estimated that a laborer's contribution to the revenue in England is from 1-6 to 1-12 of his earnings; while a man with an income of £1,000 a year, and the income tax standing at 8 pence, would not pay more than 1-20, and those with larger incomes a very much smaller proportion. Customs duties being levied in England by weight and not ad valorem, it also falls out that the consumers of cheap tea, tobacco, and spirits pay 200 to 300 per cent. more duty than is paid on the finer qualities of these matters. The establishment of equality of taxation would involve an entire recasting of the fiscal system of the United Kingdom, and if the principle of "equality of sacrifice," the exemption of necessities, and the taxation of superfluities be aimed at, a very steep gradient of taxation would be applied to the larger fortunes in England. The people in England are scarcely aware of the fiscal oppression to which they are subjected. The subject is, however, a coming one, and hints are likely to be taken from the recent legislation in Switzerland on this matter.

In protectionist countries like the United States, where indirect taxes are esteemed beneficial, even apart from the revenue they yield, and where the burning question is how to reduce the surplus in the National Treasury so as not to hurt anybody, any income tax either progressive or proportional, will be merely a dream of doctrinaires so long as such fiscal notions prevail. An income tax for State and local purposes would be impracticable here, on account of the ease with which the payer might avoid it by removing from the State or city where it was enforced to one where a different system prevailed. It will be interesting to see what effect the progressive tax has on the owners of movable property in the Canton Vaud.—*New York Evening Post*.

ARBITRAGE SPECULATION IN LONDON.

Visitors in London who are not familiar with its ways must observe a good many scenes which puzzle them. If they chance to be loitering about Bartholomew lane or Throgmorton street between three and four o'clock in the afternoon, they may see telegraph boys racing along at a breakneck pace. They dash across the streets, shoot around corners like greased lightning—often into the unexpectant stomachs of elderly and unstable citizens—dodge past hansoms, and rush up stairs into demure looking offices in the most unceremonious fashion. As soon as they reach the door they shout "Cable!"

The afternoon cable race is one of the recent developments of Stock Exchange enterprise. It is carried on in the interest of the "arbitrageurs," who buy and sell on the small margins of difference there may happen to be between the London and New York markets. Arbitrage is also practiced between London and the chief Continental

Bourses, but on a smaller scale and with less scientific methods. On the continent it is done largely between one Bourse and another; in fact, it is of foreign origin, and foreigners take the lead in it even here. The market which offers the finest scope for it is American railways, the daily fluctuations in these stocks being active, and the deviations from parity between the New York and London prices being often considerable.

The New York Stock Exchange opens at ten o'clock, which in London means about three o'clock in the afternoon. From a quarter past three o'clock onward, the cables come pouring in. They have to be sent out from the cable offices to the offices of the arbitrage houses. There they have to be turned into sterling prices, and these compared with the London prices at the moment. Like a flash of lightning, the "arbitrageur" has to decide what he will buy and what he will sell. He rushes to the House, and has his business done for him by brokers as smart and as keen as himself. There he cables back to New York to "cover" his transactions, that is, to buy against what he has sold, or to sell against what he has bought. It may be also that his partner or agent in New York has entered into transactions which he must cover here if he can. The game is played simultaneously from both ends, and, like duplex telegraphy, there are generally two accounts of speculation crossing each other. Scores of buyings and sellings may be going on together, each of which carries a certain degree of risk; but the "arbitrageur's" hope is to come out right on the general balance. He makes, his risks, so to speak, insure each other, and, so long as the differences are comparatively small, he stands a fair chance to come out well. The "arbitrageurs" themselves say that it is the small profits they make the most by. A wide fluctuation in a stock, while a transaction in it is being covered, is pretty sure to end badly. If it is against the "arbitrageurs," great judgment has to be exercised in deciding whether the loss should be cut at once, or the transaction kept open on the chance of its righting itself.

In the first cable he opens he may see New York Central quoted at 110¼, the parity of which at the current rate of exchange would be 113.43 in sterling. The London price at the moment may be 114⅞. If he can sell at 114⅞ he has a fair chance of being able to cover at New York—that is, buy against the sale at the equivalent of 113½ in sterling. Should the New York market remain as it opened till his cable arrives and his agent can execute the order, he will come out with a profit of ⅞ per cent., less commission and cost of cabling. But he takes the risk of the New York rising in the interval, in which case his agent has to cover at a loss or keep the transaction open, per contra. New York may have gone still weaker, and the covering purchase may be made so as to yield 1 per cent. or more. Having the first cable from Wall street of an afternoon is better than having a "moral certainty" for the Derby. The second cable is worth a good deal less, as the jobbers are quick enough to see how the wind blows from the west. If the "arbitrageurs" are buying they put up prices, and if they are selling they put them down. It is only the early bird that catches the arbitrage worm, and the late birds are more likely to be caught themselves.—*London Statist.*

CERTIFICATE OF DEPOSIT.

SUPREME COURT OF INDIANA.

Lang v. Straus.

The law is a factor in all contracts, and what the law implies is as much a part of the contract as the words written therein.

Parol evidence is not admissible to vary the legal obligation of a contract implied from the language employed by the parties.

A certificate of deposit contains, by implication of law, a promise to repay the depositor his money, and is a written contract for the payment of money.

ELLIOTT, J. The instrument declared on is a contract. It is a written contract. It cannot be contradicted or varied by parol evidence. The law enters into it as a silent factor, and the obligation implied by law from the language employed is as much part of the contract as though what the law implies had been fully expressed in words. Where there is an express contract, there can be no implied one. An express written contract contains the only competent evidence of the agreement of the parties. There is here an express written contract, and therefore there is no implied one. But this written contract is to be given legal effect, and to give it effect the courts must consider it as embodying all the legal obligations implied from its language. These obligations, we repeat, are part of the written contract. The law imported into the contract does not create an independent agreement, but makes the instrument express the full agreement of the parties. All the words found in a contract are to have a meaning attributed to them, and are not to be thrust aside. We cannot, therefore, disregard the words, found in the contract before us, "on deposit, in National currency." We know that the words "National currency" denote money, and we know, therefore, that those words, taken in connection with the words "on deposit," mean that the appellees had received a deposit in money from the appellant's testator. *Phelps v. Town*, 14 Mich. 373. We know, also, that the law, as a factor, is an essential part of the contract, and it seems very plain to us that the express agreement of the parties, considered in conjunction with this factor, imports a contract to repay the deposit on demand. Suppose the appellees to have attempted to show by parol that they were not to repay this money, would not the attempt be defeated by the proposition that such a contract cannot be varied by parol evidence? Of this there can be no doubt. *Tisloe v. Graeter*, 1 Blackf. 553; *Hull v. Butler*, 7 Ind. 267; *Jones v. Clark*, 9 Ind. 341; *Pribble v. Kent*, 10 Ind. 325, *vide* page 328; *Henry v. Henry*, 11 Ind. 236; *McKernan v. Mayhew*, 21 Ind. 291; *Foulks v. Falls*, 91 Ind. 315.

All contracts have imported into them legal principles, which can no more be varied by parol evidence than the strongest and clearest express stipulations. We have already given one example, that of the days of grace added by force of law to a promissory note. A more striking example, perhaps, is that supplied by the contract of indorsement, for, in such cases, although not a word more than the name of the indorser is written, the contract which the law implies cannot be varied by parol. The authorities all agree that the regular indorsement of a promissory note is as perfect a contract as though the liability which the law implies were written out in full. *Smythe v. Scott*, 6 N. E. Rep. 145 (November term.) In contracts under seal, as deeds, leases, and the like, cove-

nants are ingrafted into the agreement of the parties by operation of law; and, indeed, into every conceivable contract the law enters as an essential element.

Into the contract before us the law enters, and makes it an agreement to repay the money received on deposit. As the contract is a written one, not subject to variation by parol evidence, the agreement to repay the money must exist in it, or not exist at all, and surely no just man would assert that one who receives money on deposit, and so states in a written contract, does not undertake to repay it. If he undertakes at all, he does so by his written contract, for there is and there can be no other contract, as all oral negotiations and stipulations are merged in the writing. That, and that alone, expresses the agreement of the parties. *Oiler v. Gard*, 23 Ind. 212; *Cincinnati, etc., R. Co. v. Pearce*, 28 Ind. 502, *vide* page 506. The law implies a promise to pay the depositor his money, and where there is a written contract the law conducts this implied promise into the contract as one of its elements, so that the entire contract is a written one. Where there is an effective written contract, there can be no verbal one. *Board of Com'rs v. Shipley*, 77 Ind. 553; *Pulse v. Miller*, 81 Ind. 191. As there is here a written contract into which the law imports a promise to pay, the statute of limitations governing written contracts to pay money is the only one that applies. We thus find that, reasoning on elementary principles, the conclusion must be that the contract is a written one for the payment of money.

Our conclusion reaches further than that there is an implied promise to pay the depositor his money, for it goes to the extent of affirming that this promise is created by law as an element of the contract, and as such enters into and forms part of the written agreement. We do not regard the promise as an independent one, existing outside of the written contract, but as a promise forming one of the terms of the contract. In short, we look upon it as a part of the contract, put there by law, for the parties are presumed to have contracted with reference to the law. The principle on which we proceed is thus stated by Mr. Bishop: "What is implied in an express contract is as much part of it as what is expressed." *Bish. Cont.* § 121. On this subject the Supreme Court of the United States said: "Undoubtedly, necessary implication is as much part of an instrument as if that which was so implied was plainly expressed." *Hudson Canal Co. v. Pennsylvania Coal Co.*, 8 Wall. 276, *vide* page 288.

We maintained in our former opinion, as we maintain here, that the law implies a promise to pay back to the depositor his money, and that, where there is a written contract stipulating that money has been received on deposit, that promise is an essential part of the written contract itself. It is a promise in the written instrument, and not outside of it. "The acknowledgment of indebtedness on its face implies a promise to pay the plaintiff," said the Court in *Kimball v. Huntington*, 10 Wend. 675. So we say here, an acknowledgment that the money was received on deposit implies a promise to pay it to the depositor, and we hold, as was held in the case cited, that this promise is implied by law as an obligation arising from the language of the contract, thus forming one of its terms. As there is an express contract, and as the promise forms part of the contract, it is a contract for the payment of money, or else it is no contract at all. Once it is granted that the promise to pay back the depositor his money is created by law, then it follows, with absolute logical certainty, that the promise is as much part of the written instrument as though it were written therein in express words.

The authorities which bear most directly upon the question lead to the conclusion at which we have arrived. We find an able Court saying: "Money on deposit means, *ex vi termini*, money placed where the owner can command it at any time." *Curtis v. Leavitt*, 15 N. Y. 9, *vide* page 265. In giving effect to an instrument similar in all material respects to the one before us, that Court in a very recent case said:

"Being a deposit, a demand of the money was essential to a cause of action, unless there was a wrongful conversion or loss by some gross negligence on the part of the depository. The distinction between a deposit and a loan is considered in *Payne v. Gardiner*, 29 N. Y. 146, and within the rule there laid down the instrument in question was a certificate of deposit." *Smiley v. Fry*, 100 N. Y. 262; S. C. 3 N. E. Rep. 186.

We referred to *Smiley v. Fry* as declaring such an instrument to be in the nature of a certificate of deposit, and in this we are, as the quotation we have made shows, sustained by the latest expression upon the question. At another place in the opinion from which we have quoted, it is said: "As the instrument in question was not a promissory note, but a certificate of deposit, the defense of the statute of limitations interposed by the defendant was not available." It is perhaps true that the decision in *Hotchkiss v. Mosher*, 48 N. Y. 478, is in conflict with the views we have expressed; for it holds, as we understand it, that a certificate of deposit may be contradicted by parol evidence. As the Court says: "We are of the opinion that parol evidence was admissible to explain the certificate in the same manner as in the case of a receipt." This ruling is in conflict with our own cases, and with the cases in New York and elsewhere, and cannot be accepted as the law. The case is not a well-considered one, for no authorities are cited in support of the conclusion announced. It is held by many Courts, including our own, that an order for property, accompanied by a direction to change its value to an owner, is a written contract containing the promise to pay its value. *Garmire v. State*, 104 Ind. 444; S. C. 4 N. E. Rep. 54; *U. S. v. Book*, 2 Cranch, C. C. 294; *U. S. v. Brown*, 3 Cranch, C. C. 268; *State v. Morgan*, 35 La. Ann. 293; *State v. Ferguson*, Id. 1042; *Anderson v. State*, 65 Ala. 553; *Burke v. State*, 66 Ga. 157; *Peete v. State*, 2 Lea, 513; *State v. Keeler*, 80 N. C. 472; *People v. Shaw*, 5 Johns. 236; *Com. v. Fisher*, 17 Mass. 46. The principle which those cases declare is the same as that here involved, for the principle on which they proceed is that the law imports into the order a promise to pay; and that is true of such an instrument as the one now before us.

In the case of *White v. President, etc.*, 22 Pick. 181, the instrument read thus:

"Dr. Franklin Bank in Account with B. F. White. Cr.

"February 10, 1837. To cash deposited, \$2,000.

"The above deposit to remain until the tenth day of August.

"B. F. BUNNELL, Cashier."

—and this was held to be a promise to pay money at a future day.

In our original opinion we said that the instrument signed by the appellees may not be "just what is known in the commercial world as a certificate of deposit, but it is nevertheless a contract in writing, evidencing the receipt of money on deposit, to which all the legal incidents attach. It is by no means certain whether it is not a regular certificate of deposit. It is said by a late author, in speaking of certificates of deposit, that "usually they embody an express promise in terms to pay; but, even if they do not, they are yet the bank's acknowledgment of its

indebtedness, and so are nearly of the same effect as if they expressly promised payment. Substantially, therefore, they resemble promissory notes, and the Courts have always inclined to regard them as promissory notes; especially when they are made payable otherwise than immediately and upon demand. But this is not a necessary feature. If they are payable at a future day certain, they are simply promissory notes, neither more nor less." Morse, Banking, 63.

Our cases, in accordance with the very great weight of authority, hold that a certificate of deposit, written in full and regular form, is a promissory note, and as such negotiable. *Gregg v. Union Co. Bank*, 87 Ind. 238; *Brown v. McElroy*, 52 Ind. 404; *National, etc., Bank v. Ringel*, 51 Ind. 393; *Drake v. Markle*, 21 Ind. 433. If the instrument we have under consideration had been written out in full, although payable on demand, it would be a promissory note, and it seems, under the principles we have stated, that it is a promissory note, and as such negotiable, for it is well settled that no precise form of words is necessary to constitute a promissory note, as any form that expresses a promise, although not in direct terms, will be sufficient. Thus a written statement that a designated sum is due a person named, or a certificate that a specified sum is due a person designated, or a mere general statement that a certain amount is due, is considered a promissory note, and yet in none of these instances is there an express promise to pay. *Russell v. Whipple*, 2 Cow. 536; *Franklin v. March*, 6 N. H. 364; *Jacques v. Warren*, 31 Mo. 28; *Cummings v. Freeman*, 2 Humph. 145; *Bell v. Brewer*, 6 Ga. 587, *vide* page 589; *Hussey v. Winslow*, 59 Me. 170; *Knight v. Connecticut, etc., Co.*, 44 Wis. 472; *Fleming v. Burge*, 6 Ala. 373; *Draher v. Schreiber*, 15 Mo. 602; *Marrigan v. Page*, 23 Tenn. 245.

There are two well-considered cases applying the principle declared in these cases to certificates similar, in all essential respects, to the one here declared on! *Lynch v. Goldsmith*, 64 Ga. 42; *Hart v. Life Ass'n*, 54 Ala. 495. In the case last cited the instrument read thus:

"This certifies that the Life Association of the South has on deposit with me the sum of \$1,723.45, in currency. H. C. HART,

"President and Treasurer Local Board of Trustees."

Whether the instrument declared on is or is not negotiable is not here an important question, and we need not and do not decide it, for all that the record requires us to decide is that it is a contract, a written contract, and a contract for the payment of money. The character of the instrument, as to negotiability, does not affect the question before us; for, as Mr. Morse says, "a certificate of deposit may or may not be made negotiable." Morse, Banking, 65.

The authorities we have cited sustain our decision, and it rests on the elementary principle we have expressed in language borrowed from Mr. Bishop. Indeed, we do no more than apply to the contract before us the rule declared in *Foulks v. Falls*, *supra*, where it was said:

"This agreement being implied by the law as a part of the writer's contract, the averment of it in the complaint, or the proof of it by oral testimony, added nothing to the contract, or to the responsibility of the appellants." 2 Pars. Cont. 54, 515. *Reilly v. Cavanaugh*, 29 Ind. 435; *Weeks*, Attys. § 259; *Walpole v. Carlisle*, 32 Ind. 415; *Skillen v. Wallace*, 36 Ind. 319; *Hillgass v. Bender*, 78 Ind. 225; *Falmouth, etc., Co. v. Shawhan*, 5 N. E. Rep. 410.

If the appellees had inserted the words in this contract, "we promise to pay back the depositor his money," it would not have added to the legal force and effect of their contract, for what the law implies is in it as it is written. Petition overruled.

COLLECTION OF DRAFT.

CIRCUIT COURT, S. D. NEW YORK.

St. Louis & S. F. Ry. Co. v. Johnston, Receiver.

A., who for several years had kept an account with the Marine National Bank of New York, on May 5, 1884, deposited a sight draft, dated that day, and drawn by him on a corporation of Boston, Massachusetts, which was indebted to him in the amount of the draft. The bank was insolvent at the time, but the draft was forwarded to its collection agent at Boston, and paid May 7th, after the bank had failed and closed its doors. On several previous occasions A. had deposited similar drafts, and been credited therewith as cash, and they were treated by him as cash deposits. On the occasion in question the bank credited plaintiff with the draft as a cash item. *Held*, that the draft was not the property of A. when paid by the drawee, and that he was not entitled to recover the amount thereof from the receiver.

When a sight bill is credited by a bank to a customer as a cash item, with the latter's assent, the transaction is equivalent to a discount of the bill by the bank.

WALLACE, J. The proofs show that for several years prior to the fifth day of May, 1884, the plaintiff kept an account with the Marine National Bank of the City of New York, making deposits with and drawing checks upon the bank from time to time. On the fifth day of May, 1884, the plaintiff deposited with the bank a sight draft for \$17,835, dated that day, and drawn by the plaintiff upon the treasurer of the Atchison, Topeka & Santa Fe Railroad Company, of Boston, Massachusetts, which company was indebted to the plaintiff in the amount of the draft. The bank was insolvent at the time, but forwarded the draft to its collecting agent at Boston, and the amount was paid to such agent by the drawee on the seventh day of May, after the bank had failed and closed its doors. On several occasions during the time the plaintiff kept an account with the bank the plaintiff deposited similar paper at the same time with money, and the bank credited the plaintiff upon its books, and also upon the pass-book of the plaintiff, with the amount of such paper as a cash item. The plaintiff also entered the amount of such drafts in a memorandum of deposits kept in its check book among cash items. The plaintiff has never drawn against the credits given for sight drafts, but never had occasion to do so. There was no express arrangement or understanding between the plaintiff and the bank that such deposits should be treated as cash. When the draft in suit was deposited it was sent to the bank by a messenger boy, but the plaintiff's pass-book was not sent, having previously been left with the bank for the purpose of being written up. The amount of the draft was credited by the bank on its own books to the plaintiff as a cash item, but it was not entered in the pass-book of the plaintiff until after the failure of the bank, and then without the plaintiff's knowledge. The defendant, who is the receiver of the bank, had notice of the plaintiff's rights before the proceeds of the draft were paid over to him by the collecting agent at Boston.

Inasmuch as the proceeds of the draft had not become commingled with the other moneys of the bank when the defendant took possession of its assets, but were capable of identification, the plaintiff is entitled, if they are its property, to follow them into the hands of the receiver and regain them. *Illinois Trust & Sav. Bank v. Smith*, 21 Blatchf., 275; S.

C., 15 Fed. Rep., 858. The question, therefore, is whether the draft belonged to the plaintiff at the time it was paid by the drawee. If it did, the defendant did not acquire title to the money. If the transaction in controversy was equivalent to a discount of the draft, the bank acquired title to the paper; if it was not, the bank merely became the agent of the plaintiff to collect the proceeds.

The case of *Metropolitan Nat. Bank v. Loyd*, 90 N. Y., 531, (affirming the same case in the Supreme Court, reported in 25 Hun., 101,) is an authority directly in point against the plaintiff's right to recover. In that case the plaintiff deposited with the bank a check drawn upon another bank in a different city, indorsed by him, and the amount of the check was entered by the bank upon the pass-book of the depositor as cash, with the depositor's knowledge. It was held that the bank became the owner of the check. The opinions delivered in this case, both in the Court of Appeals and in the Supreme Court, are a full and able discussion of the questions involved, and contain a full review of the authorities bearing upon them. On the other hand, the case of *Balbach v. Frelinghuysen*, 15 Fed. Rep., 675, decided by the Circuit Court of the District of New Jersey, follows the views expressed in *Morse on Banks and Banking* (page 427), and holds that the checks so deposited do not become the property of the bank, although by the course of business between the depositor and the bank the depositor has been allowed to draw against the deposits before the paper has been actually collected.

Upon principle, there is no reason why, if the parties choose to treat the deposit of such a paper as a deposit of cash, the transaction should not be deemed equivalent to a discount of the paper by the bank. Sight bills, drawn by one corporation upon another of prominent financial standing, like the interest coupons of such corporations, or like certified checks upon banks, are generally accepted in commercial usage as the equivalents of money. They have practically the same attributes as bills issued by banking corporations, which are merely promises to pay at sight, and are everywhere accepted as money, in the absence of special circumstances affecting the financial standing of the corporation issuing them. Where bank bills are credited at their face to their depositor, and are treated by the depository as a deposit of money, the bank receiving them becomes a debtor to the depositor for the face amount, although the currency may at the time be depreciated. *Marine Bank v. Fulton Bank*, 2 Wall., 252.

When a sight bill is deposited with a bank by a customer at the same time with money or currency, and a credit is given him by the bank for the paper just as a like credit is given for the rest of the deposit, the act evinces unequivocally the intention of the bank to treat the bill and the money or currency, without discrimination, as a deposit of cash, and to assume towards the depositor the relation of a debtor instead of a bailee of the paper. If the customer assents to such action on the part of the bank by drawing checks against the credit, or in any other way, he manifests with equal clearness his intention to be treated as a depositor of money, and, as such, as a creditor of the bank instead of a bailor of the paper. Under such circumstances it should be held that the bank acquires title to the paper just as it would to a deposit of money. The intention of the parties in the particular transaction may be ascertained from the course of their previous dealings. When it appears that it has been the uniform practice between the parties in their past dealings to treat deposits of paper as deposits of cash, their intention to do so in the particular transaction should be inferred, in the absence of new and inconsistent circumstances.

It is quite certain that bankers do not invariably credit their customers

for sight paper as for cash, but are generally influenced by the financial responsibility of the customer, or the drawee of the paper, or both. If a bank does not wish to assume the relation of the debtor for the paper to the depositor, this intention may be manifested in a very explicit manner by crediting the paper as paper. This was done in *Thompson v. Giles*, 2 Barn. & C., 422, in the *Case of Rowton*, 1 Rose, 15, and in the *Case of Sergeant*, Id. 153. Some significance must be attached to a credit entry of the bill upon the books of the bank as cash, and the natural implication would seem to be that the bank, by making such an entry, assumes to receive the bill as money. Correlatively, if the depositor understands that the bank proposes to receive the paper as money, and assents, expressly or by acquiescence, it would seem that he consents to part with the title to the paper. For these reasons the conclusions reached in *Metropolitan National Bank v. Loyd* are adopted as satisfactory. The authorities bearing upon the general questions are so fully cited and discussed in the opinions in that case that it is deemed unnecessary for present purposes to refer to them.

Although the plaintiff had never drawn against the credit for bills given by the bank, it appears that its balance was so large that there was never any necessity for it to do so. There is no room to doubt that its checks would have been honored if they had been drawn. The case is therefore to be considered as one where the course of business between the parties implied the understanding of both that sight bills should be treated in their account as cash.

It is insisted for the plaintiff that the bank did not acquire title to the draft because it was insolvent, and this fact was known to its officers when the draft was delivered to it by the plaintiff. The case cannot be considered upon this theory, because there is no allegation in the bill that the officers of the bank entertained any fraudulent intention towards the plaintiff in receiving the paper, and the bill does not proceed upon such a theory. If the officers of the bank supposed the institution would be able to maintain its credit, and thus surmount its difficulties, they were under no legal duty to the plaintiff to disclose the state of its affairs. Silence with regard to a material fact, which there is no legal duty to divulge, will not vitiate a contract, although it eventually operates to the injury of the party from whom the fact is concealed. It is well settled that fraud cannot be imputed to a party who contracts an obligation knowing himself to be insolvent merely because he omits to disclose the fact to the other contracting party. *Redington v. Roberts*, 25 Vt., 686; *Patton v. Campbell*, 70 Ill., 72; *Smith v. Smith*, 21 Pa. St., 367; *Nichols v. Pinner*, 18 N.Y., 295; *Attwood v. Small*, 6 Clark & F., 232.

If the bill were properly framed to present the question of fraud, the facts disclosed in the proofs might justify the conclusion that the affairs of the bank were so hopeless, and presumably known to be so to its officers, as to preclude the existence of an honest expectation on their part to repay the plaintiff's deposit; but the rule is inflexible that the decree must be *secundum allegata*.

A decree is directed dismissing the bill.

ECONOMIC NOTES.

THE CHINESE INDUSTRIAL GUILDS.

Our Consul at Canton, in a recent communication to the State Department, writes as follows with reference to the Chinese Guilds: "The thoroughness of the organizations of the Chinese guilds, and their resources, efficiency and promptness of action in any emergency were manifested during the efforts to gather and send relief to the distressed people of the inundated districts of Southern China in July, 1885. These guilds extend through and embrace every branch of commerce and every department of industry, and are maintained and conducted without any clatter or friction. The powers which guide their operations are invisible and silent, but when the occasion calls for prompt and decisive action, all the wheels in the machinery of the guild concern stop or move as if an electric touch of some controlling force had simultaneously communicated to every member of the guild an edict which is received and obeyed with utmost obedience, as if each one's existence depended upon the combined action of all. Differences growing out of business transactions are adjusted by the arbitration or ruling of the guild to which its members belong, and resistance against the demands of outsiders is made effective (if a reasonable basis exists for resistance) by the individual who is assailed handing his case over to the guild of which he is a member, and acting under the advice of the chosen rulers of the guild. The mandarins find it difficult sometimes to dictate harsh terms against the guild combination, for it is no easy matter to force them to do what they disapprove. Any expense or loss sustained by any member of a trade guild in resisting what he deems an unjust demand is defrayed out of the treasury of that guild, if he obeys the rules of the guild, and makes no movement or settlement without the sanction of those in control of the guild. Guilds, therefore, become formidable and necessary organizations in a country where the law is the caprice of mandarins, and where the individual would be powerless if compelled to guard his interests. Foreign merchants in China, with millions of dollars of capital at their command, and fleets of ships in waiting for cargoes of Chinese products destined to European and American markets, have never yet been able to fix the price of these Chinese products, but have ever and always been compelled to submit to the prices and terms of the tea guilds and silk guilds and junk guilds and other guilds, and do their business in China through native compradores, and comply with China arrangements generally; and all because of the inability of foreign merchants and capitalists to cope with or override or break down the influence of the trade and other guilds of China. Such has been the experience of all engaged in commerce in China for the past century. The largest and wealthiest banking institutions established by European capitalists in China and along the Chinese coast are not able to dispense with Chinese compradores, through whose hands all money must pass, notwithstanding an abundance of foreign clerks are at hand."

INTERNAL REVENUE.

The total receipts from all sources of internal revenue taxation for the last fiscal year were \$116,902,869.44, as compared with \$112,421,121.07 for the year 1885, \$121,590,039.83 for the year 1884, \$144,553,344.86 for the year 1883, and \$146,523,273.72 for the year 1882. The receipts for the current year are estimated at \$118,000,000. Although the uncertain re-

sults of the new Oleomargarine law make it impossible to estimate on any definite basis. For the first three months of the current fiscal year the receipts have exceeded those of the corresponding period last year by \$233,440. The cost of collection was reduced from 39.10 per cent. of the revenue to 36.10 per cent. Increases in production over previous fiscal year are recorded as follows: Manufactured tobacco, 10,798,286 pounds; cigars and cigarettes, 433,507,247; increase in export of tobacco, 983,459 pounds; cigars and cigarettes, 29,369,280. Spirits produced and deposited in distillery warehouses, 80,344,380 gallons, compared to 74,915,363 gallons during 1885. Distilled spirits removed in bond for export, 5,646,656 gallons, compared to 10,671,118 gallons during 1885. Spirits in warehouse at the close of the year, 58,096,620 gallons, compared to 54,724,916 gallons June 30, 1885.

THE FINANCIAL SITUATION IN FRANCE.

The *Revue des Deux Mondes* contains an elaborate article on the financial situation in France, by M. Cuheval-Clarigny. It is the darkest picture of the kind, says the London *Standard*, we have ever seen, and there is more to follow. Ever since M. Gambetta—in his dangerous devotion to the faith that if a Government is to be rooted in the confidence of the people, it must lavishly spend—induced the Republican party to embark on a course of wild extravagance in public works, the finances of France have become increasingly involved. M. Clarigny accuses successive ministers of malversation and systematic deception. The great curse of the Treasury has been the Extraordinary Budget. All public works have been put in it. The sole means of meeting the outlay these works caused was borrowing, and loan followed loan fast. That brought augmented ordinary expenditure. Then, as deficits appeared, they were concealed by cooked budgets. Ordinary charges were thrown into the Extraordinary Budget and paid for out of loans, and device after device was resorted to to raise money. The Savings bank deposits were first appropriated, and then the Funded and the Floating Debt gradually grew until it stands at somewhere about £140,000,000—the largest debt of the kind, M. Clarigny says, that any nation ever bore up under. Capital is being withdrawn from the trade of the country to keep the Government afloat, and the occasional fundings of little bits of the Floating Debt but stave off, if they do stave off, the day of reckoning. As usual, free borrowing has been accompanied by criminal extravagance and reckless disregard of honest finance, and now bankruptcy is staring the nation in the face.

THE ANNUAL MINT REPORT.

While the mints did more work than during the previous year, the expenses were less by \$197,000. The gold deposits during the year aggregated \$49,606,534, of which \$32,456,493 was of domestic production. The silver deposited and purchased was \$37,917,020, of which \$32,454,644 was of domestic production. The coinage of gold aggregated \$34,077,380; silver, \$30,022,347. The seigniorage on the coinage of silver from July 1, 1878, to July 1, 1886, amounted to \$31,102,303. At the date of the passage of the Coinage act of 1878, the London price of silver was 55d, and the intrinsic value of the silver dollar 93½ cents. At no time since has the price been so high, and last year the decline was rapid, falling to the lowest price ever known. At the lowest point the silver dollar was worth 71 2-10 cents. The Director adheres to his estimates of coin circulation in the United States July 1, 1886, as follows: Gold, \$548,320,031; silver, \$308,784,223. The production of gold and silver in the world during the calendar year 1885 is estimated at—gold, \$101,580,000; silver, at coinage value, nearly \$125,000,000. The production of silver steadily increased. The

United States holds rank as the principal producer of precious metals, its production being about two-fifths of the world. The coinage of the world for the calendar year 1885 was—gold, \$95,000,000; silver, \$97,000,000. About 30 per cent. of the gold and 10 per cent. of the silver was probably remelting of old coin and other material. The consumption of gold in the arts in the United States is estimated at about \$3,500,000 per annum, and in the world at \$57,000,000. The consumption of silver in the arts in the world annually is estimated at \$20,000,000. The report embraces a collection of reports by our foreign representatives on the production, consumption and movement of the precious metals in the principal countries and the standard of value, coinage, accumulated stock, etc. Accompanying tables show the ratio of silver to gold yearly since 1687; the price of silver since 1833; the domestic production of gold and silver since the establishment of the mint; the annual production of precious metals in the world since 1493, and the coinages of the principal nations.

WASHINGTON LETTER.

WASHINGTON, December 31, 1886.

To the Editor of the BANKER'S MAGAZINE:

The probability of any reduction of the revenues during the present session of Congress, has been greatly lessened by the vote of the House on the 18th instant, against the consideration of the bill to revise the tariff reported by Mr. Morrison from the Ways and Means Committee. That committee might, if it saw fit, frame and introduce another bill on that subject which might command more support, but there is no expectation that it will do so. It is known that Mr. Morrison is personally opposed to any effort to prepare another bill, and it is hardly likely that the committee will overrule his views, even if they differ from his, which is, however, not believed to be the case. And if any new bill does come from that committee, it will certainly be framed upon the same general principles as the one which the House has just refused to consider, and the objections to considering any general revision of the tariff will be stronger in January than they were in December, as the time to discuss it will be shortened.

The Ways and Means Committee has in respect to revenue bills, what is called here "the right of way," and may move at any time to consider them, and can carry a motion to that effect if they can obtain a majority vote. Coming from any other quarter, a revenue bill cannot be reached without a suspension of the rules, and to suspend them requires a two-thirds vote. There are members of the House, including some of good judgment and long experience, who believe that a two-thirds vote can be obtained to take up a bill to reduce the revenues to the extent of \$50,000,000 by repealing the duties on tobacco and fruit brandy, with some minor changes in the tariff, such as taking off the duties on a few raw materials not produced in this country, and with possibly the removal of the excise on spirits used in the arts. But it is the generally prevailing belief that the necessary two-thirds vote cannot be mustered to take up any revenue bill.

The difficulties in the way of disturbing the sugar duties at present, are

multiplying. To the old opposition of the cane growers of the Gulf States, there is now added that of the Western farmers, who insist that if sugar can be profitably produced from the beet in Europe, it certainly can be in this country. The hopes of those farmers that it can also be profitably produced from sorghum, have been much increased by recent experiments, which seem to prove that all the impediments in the way of extracting from sorghum the great amount of sugar which it undoubtedly contains, can be overcome by what is known as the diffusion process. Furthermore, public opinion upon the whole matter has been manifestly affected by the doubts of Senator Frye, expressed a few weeks ago to a newspaper interviewer, whether it may not be wiser to hold on to the sugar duties, until we can make their surrender a basis for obtaining from sugar growing countries the repeal or reduction of their duties upon merchandise shipped to them from this country. Just before Congress adjourned over the Christmas holidays, the reported views of Senator Frye were embodied in resolutions offered in the Senate by Mr. Aldrich, requesting the President to open negotiations with sugar growing countries, for the purpose of ascertaining what special commercial advantages they would be willing to concede to us by way of return for the repeal or reduction of the duties we now impose on sugar.

It is the opinion of Mr. Manning, as shown by his acts since he resumed the control of the Treasury, that there is no surplus which can be, consistently with a secure preservation of the public credit, applied to the payment of bonds subject to call, except such as is currently accruing from an excess of revenue over expenditure. In fact, since his return to office, he has applied less than this currently accruing excess to the public debt. It must therefore be assumed as certain, that if the revenue is now reduced so as to be only equal to the expenditure, no more public debt will be paid, unless there is a change in his views as to the amount of cash which ought to be permanently held in the public vaults, in order to assure the credit and convertibility of the greenback and to provide for the general wants of the Treasury. Whatever opinions may be held by others, it is the opinion of the Secretary of the Treasury, who has the actual control of the situation, that there is no present unnecessary accumulation of treasury funds, and that the only thing to be dealt with is the currently accruing surplus.

As the probability increases that the revenues will remain as they are until the meeting of the next Congress, it is natural that many plans should be suggested for disposing of the surplus which is expected to accrue hereafter.

One of them is that originally proposed and advocated by Senator Jones of Nevada, and adopted very early by Mr. Knox, late Comptroller of the Currency, being in substance, to pay the holders of the 4 and 4½ per cent. bonds, the amount necessary to induce them to accept bonds running the same length of time but on lower rates of interest, provided that the amount can be kept within such limits that the Treasury will obtain a fair rate of interest on what it pays to effect the exchange. Mr. Potter, of New York City, was a conspicuous advocate of this plan in recent Congresses. In the present Congress, it has already been proposed by Mr. Hewitt in the House, and by Mr. Aldrich in the Senate. Mr. Hewitt proposes to offer to substitute for the 4s and 4½s a 3 per cent. bond, but that meets with no support, inasmuch as a long 3 per cent. bond would be at a premium which would make it objectionable for

banking purposes. Senator Aldrich's plan of a $2\frac{1}{2}$ per cent bond is plainly the better one. In the case of bonds exchanged for the 4s and running to 1907, it might be even better to fix the rate of interest at 2 per cent.

That part of Mr. Hewitt's plan, which limits what the Treasury may pay for the exchange of bonds to such a sum, that the Government shall realize from the payment 3 per cent. annually, compounded quarterly, seems to be generally approved. It also seems to be generally believed, that exchanges on those terms will be voluntarily made by the holders of bonds on a scale which will considerably relieve the Treasury surplus.

Another plan of relieving the Treasury, and which will also relieve the business and industries of the country from a lock-up of money in the public vaults, is a revival of a bill introduced into the last House by Mr. Dingley, of Maine, and which was then endorsed and recommended by the Committee on Banking and Currency, but was not reached for action when the term of the 48th Congress expired. That bill provided for the investment in Government bonds, of the principal part of the money deposited in the Treasury for the redemption of National bank notes to be withdrawn from circulation. A substantially similar bill was presented in the present House, December 20, by Gen. Warner, of Ohio, and referred to the Ways and Means Committee. It provides that 90 per cent. of the money deposited for bank note redemption at the date of the passage of the proposed law, and 90 per cent. of such money as may be deposited after the passage of the law, shall be used in the purchase in the market of such Government bonds as are not subject to call. The redemption of the withdrawn bank circulation is to be made out of any money in the Treasury not otherwise appropriated, but if there is no money which can be spared for that purpose, that the purchased bonds shall be sold to supply what may be lacking. When Mr. Dingley's bill was pending, the lock-up of deposited money was only about one-half what it is now, so that the reason for action in the case has become much stronger than it was two years ago.

The general objection to buying bonds not subject to call, is their high price, which makes the income on the money paid very small, hardly more than 2 per cent. per annum. But as the money deposited for bank note redemption is entirely idle and yields to the Treasury no interest at all, any income, however small, which can be obtained from using such money in the purchase of bonds, is pure gain, to say nothing of the other advantages of reducing the great hoards in the public vaults.

It is admitted that there is danger that the present prices of bonds not subject to call will be extravagantly enhanced, if the Treasury appears in the market as a purchaser. Various precautions against that danger are proposed. One is to fix some maximum to the price to be paid, such as the average price for the month preceding the purchase. Another is, to impose it as a condition upon the National banks, if they obtain the privilege of reducing their holdings of bonds below the minimum now prescribed by law, to give the Treasury the option of buying the bonds which they withdraw at the average price of the preceding month. There is undoubtedly a strong disposition to pass some such measure as the Dingley-Warner bill, if it can be guarded so as to protect the Treasury against unwarrantable exactions.

The proposition to allow National banks to hold a merely nominal amount

of bonds deposited for circulation, is widely supported, and no opposition shows itself as yet. The friends of the present National banking system favor it as a matter of course. It also receives support from those who have not been regarded as particularly friendly to the system. For example, Gen. Warner has included in the bill offered by him on the 20th of December, a section permitting the existence of National banks with a deposit for note circulation of bonds only equal to one-twentieth ($\frac{1}{20}$) of their capital, and not requiring them, however large their capital may be, to deposit more than \$20,000 of bonds.

INQUIRIES OF CORRESPONDENTS.

ADDRESSED TO THE EDITOR OF THE BANKER'S MAGAZINE.

I. INDORSEMENT OF CHECKS.

John Smith draws his check on the B. bank making the same payable "to the order of James Smart for deposit to credit of John Smith." The check is presented by a neighboring bank in its own place in the daily exchange of checks between the two banks, the check being indorsed "James Smart." Then follows two or three stamped indorsements of banks "for deposit and collection" through whose hands the check passed before reaching the B. bank.

1. Is it the duty of the B. bank to pay the check on the above indorsement, or would it be justified in so doing?

2. Is it the duty of the bank presenting the check at the B. bank to protest the same in case payment of the check is refused for insufficient, or improper or irregular indorsement, in order to protect itself?

REPLY.—1. In considering cases of this sort it should be remembered that a bank is under no liability to the check holder, and that the duty of honoring checks is one which it owes to its depositor alone. If payment of a check is refused, the question whether the refusal to pay was improper, is, so far as the drawee bank is concerned, one solely between itself and its depositor, and if it pays a check and seeks to charge the same to the account of its depositor, it is bound at its peril to show that the payment was proper. The check referred to in this inquiry is a very peculiar one. It is payable to the order of James Smart, but his right to collect the amount of it is limited by the direction contained in the check, that he shall deposit it in some bank to the credit of John Smith. Precisely what title to the check James Smart has, which he can transfer to a third person, is not entirely clear. See *Murrow v. Stuart*, 8 Moore Privy Council Cases, 267, 269. But it is at any rate certain, on the authorities, that no third person could get a good title to the check as against John Smith, by an endorsement from James Smart, except by showing that the proceeds of the check went to the credit of John Smith, and no bank could take it on deposit from James Smart, with a right to recover on it, without showing that the proceeds of the check were passed to the credit of John Smith. *Treuttel v. Barandon*, 8 Taunton, 100; *Lloyd v. Sigourney*, 8 Bingham, 525. The form of the check itself would give notice to every subsequent holder, including the B. bank (if it paid the check) that it was the duty of James Smart to

deposit the check to the credit of John Smith; and the title of every such holder would therefore depend upon the performance of this duty by James Smart. Under these circumstances, while the indorsement of "James Smart," without more, would no doubt convey title to the check, provided the check was in fact so deposited by him, it seems to us clear that the B. bank before it paid the check, would be entitled to be satisfied that this had been done, and would be justified, as between itself and its depositor, in requiring that it should appear from the form of James Smart's indorsement that the check had been so deposited. We think, therefore, that as a matter of correct banking practice, the B. bank would be justified in refusing to pay, under the circumstances stated, and that the drawer of the check would have no just ground in law to complain of the refusal.

2. The proper course of the presenting bank is plain. It is an agent for collection, and its duties are solely to its correspondent. If payment of the check is refused because of an alleged defect in the indorsement of the check, it should give immediate notice of dishonor. And, while a formal protest is not legally necessary in the case of a check, according to the custom of bankers, the presenting bank would be justified in protesting the check, as a convenient and usual method of preserving the evidence of the dishonor and notice to the parties liable, and would, of course, be entitled to charge the expense of the protest to its correspondent.

The situation of the parties would then be this. If the check had not in fact been deposited to the credit of John Smith, no recovery could be had on it against the drawer. If it was, then the drawer must take it up with the costs of the protest added, and the expense and annoyance caused by the protest must be left to be settled between the drawer and James Smart where they properly belong.

II. PRESENTMENT OF CHECKS, AS BETWEEN DRAWER AND PAYEE.

On Tuesday, 16th inst., a depositor in the Q. bank of this place gave us his check for \$5 (with other cash items) on the bank referred to, in payment of a collection. At close of business on 16th and 17th we only had \$7.50 against them, and on the 18th before four o'clock they failed, and we had not presented the checks. The maker of the \$5 check now refuses to take it up because we carried it two days before presenting. Should we be made to bear the loss?

REPLY. The law upon this point is well settled. It is stated in Daniel on Negotiable Instruments, § 1590, as follows: "Where the payee to whom the check is delivered by the drawer, receives it in the same place where the bank on which it is drawn is located, he may preserve recourse against the drawer by presenting it for payment at any time before the close of banking hours on the next day, and if, in the meantime, the bank fails the loss will be the drawer's." This check having been received on the 16th should have been presented at latest before the close of banking hours on the 17th, and after this time it was at the risk of the holder. The inquirer, therefore, must bear the loss.

BANKING AND FINANCIAL ITEMS.

WE learn that the name of O. D. Baldwin, President of the Fourth National Bank of New York, is mentioned in Washington in connection with the possible vacancy in the Treasury Department from the retirement of Secretary Manning.

MR. V. P. SNYDER, Deputy Comptroller of the Currency, has been appointed Examiner of National Banks at the cities of New York, Brooklyn and Jersey City, in place of A. M. Scriba, who has heretofore held that office.

BOND DEPOSITS.—The anomalous requirements of law regarding the deposit of bonds by National banks are engaging the attention of Congress very promptly. Two bills bearing on this subject have been introduced, one by Mr. Adams, of Illinois, and one by Mr. Miller, of Texas. Neither of these, however, touches the point of real importance apart from the issue of notes. There is no occasion and no excuse for now requiring National banks without circulation to own United States bonds, or to deposit them with the Treasury except as security for Government funds in their hands.

TEN MILLION CALL OF BONDS.—The Secretary of the Treasury has called the following three per cent. bonds for redemption at Washington on February, 1, 1887: \$50, original No. 47 to original No. 48, both inclusive; \$100, original No. 583 to original No. 609, both inclusive, and original No. 9,940, to original No. 9,969, both inclusive; \$500, original No. 246 to original No. 266, both inclusive, and original No. 4,230 to original No. 4,234, both inclusive; \$1,000, original No. 2,017, to original No. 2,175, both inclusive, and original No. 23,749 to original No. 23,777, both inclusive; \$10,000, original No. 5,316 to original No. 6,325, both inclusive. Total, \$10,000,000.

MR. HART'S BANK ACCOUNT.—Between 1880 and 1884, Joshua Hart, manager of the Theatre Comique, in Harlem, as executor of his wife's will, deposited about \$107,000 with the Importers and Traders' National Bank. From time to time he drew against his deposits. In 1884 he was informed by the bank that only \$25.75 stood to his credit. He insisted that he was entitled to about \$3,000. Going through the canceled checks returned him by the bank, he found several that he declared were forgeries. They were indorsed with the names of his brother-in-law, Henry J. De Saxe, and his sister, Mrs. Phoebe De Saxe, but those persons denied that they had seen them before they were canceled. It was found that the checks had been deposited by somebody with the Manhattan Savings Bank in the name of Mrs. De Saxe and then drawn against. Mrs. De Saxe denied that she had deposited them, and declared that her name on the signature book of the savings bank was not written by her. At the trial of the suit, brought by Manager Hart against the bank for the amount of the checks, all this complicated system of forgery and banking was testified to by him, his sister and brother-in-law. He said he could not determine who the forger was, but he might have been either one of his youthful nephews, a scapegrace, or a boy, now dead, whom he used to employ in the office of *Truth* when he was publisher of that journal, or a former editor of *Truth* who was very skillful with the pen. The defense of the bank was that the checks were not forged. Several experts in handwriting swore that the signatures rejected by Mr. and Mrs. De Saxe were really theirs. The bank's counsel, Anthony J. Dyett, brought out the fact that at the time the checks were drawn financial troubles affected a sister of Mr. Hart and Mrs. De Saxe, and he argued that the peculiarities respecting their making and the opening of the account with the savings banks in Mrs. De Saxe's name were incidental to a plan of her relatives to convey money to the embarrassed woman, so as to keep her creditors from clutching it. The trial of the controversy, before Judge Lawrence and a jury, in the Supreme Court, closed yesterday. After considering the matter for fifteen minutes the jury took the side of the bank. They gave Manager Hart a verdict for the \$25.75 which the bank admitted was due him.

REDEMPTION OF A BOND.—The First Comptroller of the Treasury has rendered a decision which will be of interest to holders of Government bonds. There has been presented for redemption a \$50.5 per cent. bond, issued under the Act of March 3, 1864, which provides that bonds of that issue shall be payable forty years after date, with an option to Government of redemption at any time after expiration of ten years. The bond in question was embraced in the call made in 1879, and has been presented with all coupons detached. The Comptroller decides that as the nominal value of the unmatured detached coupons is greater than the face value of the bond itself, the bond cannot be redeemed until such coupons shall have been presented for payment.

NICHOLAS F. PALMER, President of the Leather Manufacturers' Bank, of New York, retires from active business. For over 50 years he has been in the service of that institution, beginning as a "runner" away back in May, 1836. Step by step he worked his way up, holding positions more and more important until, in 1872, he was made president. Lately, however, he has had trouble with his health, some disease affecting his heart, and finally he has resigned his office, unwilling under the circumstances to bear such responsibility longer. Indeed, for the last six months he has done little active work. Mr. Palmer is one of the most popular men in the New York banking world. He has been a hard worker all his life, and never too busy to be courteous. John T. Willis, now a director of the bank, and a man of business experience, is to be Mr. Palmer's successor in the presidency.

THE PACIFIC BANK CASE.—Some of the stockholders of the Pacific National Bank of Boston are making efforts to obtain a rehearing of their case by the United States Supreme Court, but as the members of the court were unanimous in this decision, together with the positive terms of the opinion of the court, prepared by Mr. Justice Matthews, it is doubtful whether the rehearing will be granted. Receiver Butler writes the Comptroller of the Currency that pending the decision in regard to a rehearing stockholders have apparently ceased to pay their assessments. Some of the stockholders paid their assessments as soon as notified of the decision of the Court. What the receiver obtained from these stockholders, with what was obtained from the sale of the Pacific National Bank's property on the Back Bay, will enable the Comptroller of the Currency to distribute another ten per cent. dividend to the creditors of the bank this month. This will make in all thirty per cent. paid to the creditors.

BANK CIRCULATION.—H. W. Cannon, the predecessor of Comptroller Trenholm, in reference to Senator Sherman's suggestion to permit the banks to issue circulation to 90 per cent. of the market value of Government bonds, believes that this would be an entirely safe measure provided, of course, the comptroller would call for more bonds from the banks when necessary. Under the original provisions of the Act, the comptroller was able to call for more bonds when necessary, and it appeared a wise provision at that time, because Government bonds were not worth par and were subject to great fluctuations. I think, in addition to permitting the banks additional circulation on the 4 and 4½ per cent. bonds, the tax should be taken off. If this were done I have no doubt many banks would deposit additional bonds instead of withdrawing them to realize the premium, as they are now doing. The circulation is reduced in this manner as well as by the calling of the 3 per cent. bonds. Under the present condition of the money market banks having 3 per cents. deposited as security for circulation cannot replace them with 4s without an annual loss upon their circulation. As the circulating notes of the National banks could be made a first lien on the assets of the bank, in addition to being secured by bonds, this would make the notes unquestioned even should the bonds depreciate. O. D. Baldwin, the President of the Fourth National Bank, thinks that the bank's circulation should be limited only by the par value of the bonds it has deposited, but he does not consider the suggestion practical to limit the circulation to a certain percentage of a market value to be fixed by the Comptroller of the Treasury.

GRAND CALIFORNIA EXCURSIONS.—The Chicago, Rock Island & Pacific Railway is out with a new list of dates for its unrivaled first class excursions to California, covering several dates (by all routes) during the months of December, January, February and March, at extremely low rates. For detailed information, tickets, sleeping car accommodations, etc., apply to nearest ticket agent or address E. A. Holbrook, G. T. & P. A., C. R. I. & P. Ry., Chicago, Ill.

MR. PHILLIP HEIDELBACH, of the banking firm of Heidelberg, Ickelheimer & Co., died in Cincinnati, in the 73d year of his age. In 1835, more than half a century ago, he came to this country from Germany, and after a short stay in New York went to Cincinnati, then one of the growing cities of the West. There he founded, in 1837, the dry goods firm of Heidelberg, Seasongood & Co., which during its thirty-five years of existence, was favorably known throughout the whole country. In 1861 he established a bank of deposit and discount, under the firm name of Espy, Heidelberg & Co., which has enjoyed as enviable a reputation as his dry goods firm. About ten years ago he decided to remove to New York, where he became identified with the equally successful banking business of Heidelberg, Ickelheimer & Co. Mr. Heidelberg was a prominent figure in the development of the city of Cincinnati and the State of Ohio, filling many positions of trust, the last of which was that of Trustee in the first Board of the Cincinnati Southern Railroad, to which position of honor he was appointed by the Superior Court of Ohio. All who came within his sphere loved and honored him for his uniform amiability, quiet and unobtrusive manners.

HON. CHARLES HERRICK, Vice-President of the Union National Bank, of Racine, Wis., whose death is announced elsewhere, was born in Westford, Middlesex county, Mass., September 22, 1814. In the Spring of 1837 he removed to White River, Mich., where he engaged in the lumber business. In 1840 he turned his face again to the West and made a permanent location at Racine, then in its infancy. Here he engaged in an active business career. While Racine was a village Mr. Herrick was elected trustee, and has since held many responsible positions of public trust. When the people of Racine demanded railroad connections with the West Mr. Herrick was among the most prominent advocates and promoters of the scheme which finally culminated in the building of the Racine & Mississippi railroad. When the Union National Bank was organized, Mr. Herrick was one of its charter members and has always been one of its staunch and valued friends. For several years he has done efficient service as vice-president, and has spared no time or effort to secure its prosperity and success. Mr. Herrick's business career has been successful as the world goes. His accumulations were the result of patient industry, and every dollar represented earnest effort. Mr. Herrick leaves a considerable fortune, but transmits a better legacy than wealth in the well-established reputation for honor, integrity and probity.

LAND FORFEITED FOR TAXES.—The State of South Carolina is the owner of 954,237 acres of land which have been forfeited by reason of failure to pay the State taxes. The taxes on these lands for State purposes amount to \$384,050. The assessed value of the lands is \$2,809,188. The lands remain in possession substantially of the former owners. The State fails to collect the taxes due. Taxpayers generally throughout South Carolina pay their own taxes, and atone by increased taxation for the delinquencies of persons whose property is in law forfeited to the State, but which property is so far of no avail to any one but the delinquents. What can be accomplished with energetic and judicious management, even under the present laws, with all their defects upon their head, is exemplified in the experience of Charleston with delinquent and forfeited lands. Charleston found that a very considerable part of the real estate of the city had been forfeited to the State on account of non-payment of the taxes. This forfeiture operated to relieve the property in question from the payment of municipal taxes, and there was no obligation on the part of the State to collect the municipal tax with the State tax. The State, in appearance, was impotent, and was certainly inactive. Meanwhile, the occupants and former owners of the lands in question twiddled their thumbs when they were approached by the city tax collector and blandly informed him that their property was forfeited to the State, and, therefore, they paid no taxes. This condition of things was not to be endured, and Mayor Courtenay, under the authorization of the City Council, bought from the State 264 pieces of property in Charleston, on which the State taxes amounted to about \$20,000. The benefit of a businesslike management was quickly apparent. To make the story short, the State, by the operation we have mentioned, has obtained the whole amount of the taxes due on the property, and the city has settled absolutely the taxes. State and municipal, on 202 pieces of property, and has restored to the tax books, for purposes of State, county and city taxation, property assessed at about a quarter of a million dollars. Much of the property had not paid any tax for many years.—*Charleston News.*

WILLIAM A. HEARD, of Sandwich, N. H., was to-day appointed National Bank Examiner for the States of Maine and New Hampshire. The former examiners in these States, which are now consolidated into one district, were C. V. Dearborn, deceased, and A. P. Wiswell, resigned.

PETROLEUM, ITS SOURCE AND PRODUCTION.—This title indicates to some extent the character and scope of the new Holiday Annual for 1887, by "A Man," which is ready for delivery by the Chicago, Rock Island & Pacific Railway. It is to all intents and purposes a gift to the friends and patrons of that road. It embraces a large amount of scientific and practical information, is illustrated with diagrams, sketches and full page engravings. It is a valuable book, and the company have produced it in good style.

CONNECTICUT; EXAMINER MYGATT TO RETIRE.—A. B. Mygatt has been bank examiner for nearly 22 years, receiving his first commission from Comptroller Freeman Clark and Secretary McCulloch on June 12, 1865. Ever since then he has looked after the National banks of this State and Rhode Island. Mr. Mygatt has said that he will retire from his office at the end of the present year. This step is in accordance with a purpose "long entertained and expressed by him to the Comptroller of the Currency when such a course would be acceptable to the Administration."

TEXAS.—Fort Worth possesses five National banks, or two more than any other Texas city. In a short while she will have the sixth, or just double the number of National banking institutions of any town in the State. The mere fact that there is a sufficient demand to warrant the addition to the city's monetary system is a healthful sign. It argues well for a continuation of a phenomenal development, and shows that sagacious business men are not afraid to trust the city's future. The *Gazette* learns, on undoubted authority, that a large per cent. of the necessary stock for the new bank has already been taken, mostly by Fort Worth men. Among those interested in the enterprise is Mr. A. B. Smith of the State National bank. Himself a financier of long experience and unquestioned ability, he will be associated with others of large capital and influence. Under such conditions there is no reason why prosperity should not attend their undertaking.

AN EXTRADITION CASE.—In January, 1883, Ker, who was cashier and confidential man in the banking-house of Preston, Kean & Co., was granted a vacation. At the expiration of ten days the bank received a letter from Ker, stating that he was a defaulter to the extent of \$21,000 cash, and \$35,000 in United States bonds. He intimated that he would take a European tour, and would repay the money if he ever could do so conveniently; but that if the bank troubled him about the matter he would cause a run on it and burst it up. The bank dispatched a Pinkerton man after him. At Aspinwall he found a Chicago overcoat with Ker's name on the lapel. At Lima he found the fugitive himself. War at that time existed between Peru and Chili, and it required much skill to effect his extradition. Through the assistance of Senator Logan a telegraphic order was sent from the Navy Department, and General Lynch, of Peru, assisted in getting the defaulter embarked on board the man-of-war *Essex*. At Honolulu, after a halt of thirty days, he was sent to the United States via San Francisco. When he had arrived in Chicago a habeas corpus was asked of Judge McAllister, on the ground that Ker had been kidnapped from Peru, but it was refused. He then appealed to Judge Drummond, but without avail. A special plea was made to Judge Gary, but without success. His trial came off in December, 1883, and he got a sentence of ten years. It was then taken to the Supreme Court of the State on a writ of error, but without relief to Mr. Ker. An appeal was then taken to the Supreme Court of the United States on the ground that the extradition was defective in not complying with the treaty of Peru and the United States. The regular extradition papers had not been served because the Government of Peru was practically in the hands of the enemy, and there was only a nominal Government at Arizupa. But the Court held that the fugitive could not avail himself of such a plea, and that the Government of Peru was the only proper party to complain of any irregularity. The arguments in the case were made at Washington in May last, and a judgment has been rendered sustaining that of the Illinois Court. The cost of prosecuting the case has amounted to \$15,000, which is borne by the bank, now Kean & Co.

BOODY, McLELLAN & Co., New York, have issued a decidedly valuable table showing the rate per cent. of annual income to be realized from stocks or bonds bearing any given rate of yearly dividends or interest from 1 to 20 per cent. when purchased at various prices from 10 to 300 per cent. This table applies equally well to both stocks and bonds, and has nothing to do with the length of time which a bond has to run to maturity. For example: To ascertain what rate of annual interest will be realized on a bond or stock which bears 6 per cent. per annum and can be purchased at 78 (*i. e.* at 78 per cent. of its par value whatever the par value may be), find 78 in the column of "purchase price," and follow that line across to the column headed "6 per cent." which will show the correct figures in the present instance 7.69 per cent. Copies of the table may be had free on application as above.

NATIONAL WIRE & IRON CO, Detroit, Mich.

Gents—In payment of bill wire railing and partition, Oct. 18, 1886, we enclose our N. Y. draft. We have had the work put up this day and are very much pleased with the job. Accept our thanks.

Yours truly, C. COFFEE,

Cashier People's National Bank, McMinnville, Tenn.

NATIONAL WIRE & IRON CO., Detroit, Mich.

Gentlemen—We received the wire railing and fixtures in a good condition, and have it all placed. It is entirely satisfactory, and should we need anything more in this line we shall order it from you. Truly yours, PERCIVAL & ANDRUS,
November 23, 1886.

Bank of Cheney, Cheney, W. T.

THE KOSMIAN MANUFACTURING CO.—We would call the attention of bankers and others to an element of insecurity arising from the general introduction of the "Ink Eradicators" of various kinds which are for sale by stationers generally, and which will effectually bleach the writing of all the inks in general use, enabling alteration without any trace of change. Thus while formerly it required a certain chemical knowledge and skill to tamper with writings, the means for so doing are now freely offered to all, thereby greatly increasing the facilities, and the temptation for commission of frauds by alteration of checks, accounts, bills of lading, records, and all monetary and important documents. The use of lead pencil is not sanctioned in filling out or signing papers of value, and yet, for reasons above stated, and as can be further fully demonstrated, there is as much security in use of a lead pencil as in using the ordinary inks. It has long been a study to supply the want felt and expressed by Governments, bankers, merchants, and lawyers, of a safeguard against the danger mentioned as evinced by the adoption of the safety tinted papers, check punches and other similar devices. We should hesitate to thus publish the facts stated were we not in position to prescribe the remedy for the acknowledged evil. Our attention has been called to the "Kosmian Safety Ink," the result of several years' study and experiment, and which, now perfected and approved, is manufactured and supplied by the Kosmian Manufacturing Co. of Boston, Mass. The special claim for this ink is that it cannot be bleached by any chemical or other means, which has been freely tested and proved by leading expert chemists, the Treasury, Post Office and other Government departments at Washington, and it has been adopted and is in use by U. S. Government Treasury of Massachusetts, and many of the banks and institutions in different parts of the country; and it would seem, that as it becomes known it must be universally adopted by all careful business men. We have, by use of the ink and by careful investigation, satisfied ourselves that the merits of this safeguard for the business community fully justify the claims made for it.

HOW BLACKSTONE OPERATED.—The directors have completed their examination of the affairs of the Canal National Bank, of Maine, from which Discount Clerk Blackstone recently defaulted, taking with him the funds of the bank to the amount of \$56,509.48. The directors ascertained that Blackstone had operated by means of forged notes, but that he had taken with him or destroyed every note which he had forged. Hence the directors would be unable to prove the crime of forgery against him, otherwise they might arrest him in Canada and bring him back to Portland by extradition. The ordinary routine of discounting notes is for the notes to be handed to the directors to pass upon them. After the directors have decided whether they will accept them they are handed to the discount clerk, who lists them, or, in other words, puts them on the list. They are then passed to the

cashier, who puts his initials and the date on them, in order to show when they passed through his hands and that he has looked them over. Then they are handed back to the discount clerk to remain in his keeping. Mr. Blackstone made notes of his own, say one for \$500, for instance, forging somebody's name as maker or indorser. This note he passed through the usual forms without its going to the cashier or directors. In order to do this he took the opportunity, when he was acting as paying teller in the absence of Mr. Peters, to pay the discount slips to himself. Let us say the five-hundred dollar note was in the name of a person who was not a regular customer of the bank. It would not be credited to him, but when he came in and asked if his note was discounted the discount clerk would give him a slip of paper with the amount on it, to be passed to the paying teller. These slips he made out and as paying teller he paid the money to himself, and when the notes matured he paid them by discounting another note in the same way.

KANSAS.—Congressman Warner has secured the passage by the House of his bill amending Sections 5,191 and 5,192 of the Revised Statutes, so as to include Kansas City in the list of cities indicated by law wherein National banks keeping their accounts with other National banks may deposit three-fifths of their 15 per cent. reserve, instead of being forced to deposit, as heretofore, with other National banks in St. Louis, Chicago, New York, and other Eastern cities.

MRS. ROBERTS'S BONDS.—Judge Van Vorst recently dismissed the complaint of Lydia S. Roberts against the Stuyvesant Safe Deposit Company. The suit has been pending for many years. The jury disagreed on its first trial, and the lawyers agreed that it should be tried by Judge VanVorst without a jury. Mrs. Roberts is the wife of Andrew L. Roberts, who has been recognized as dividing with Valentine Gleason the honor of being the most expert operator in the abstraction of money from banking institutions by means of forged or counterfeit securities and burglarious implements. In 1872 some particularly big drafts were made from a Baltimore bank and several institutions in this city by means identified by the police as peculiar to Roberts and Gleason and their confederates. Mrs. Roberts, her husband and Gleason had boxes in the vaults of the Stuyvesant Safe Deposit Company, at Third avenue and Seventh street. On the application of attorneys for the Baltimore bank Recorder Hackett issued a warrant for the searching of those boxes, the explanation being that some of the stolen bonds would be found. When the police went to execute the warrant the officers of the Stuyvesant Company protested and closed the doors of their safes. The police threatened to break them down. Then the company yielded, and the police forced their way into the boxes. They found none of the stolen securities, but took away all the property they did find and delivered it to the District Attorney to save themselves from the charge of having stolen any that might be lost if they left it in the boxes. From Mrs. Roberts's box they took more than \$40,000, represented by cash and bonds. The property was immediately levied on by the Sheriff under attachments in civil suits brought by the National Trust Company against Roberts and his wife, Gleason and others. Judgments were obtained and the property was seized and sold. It has been, and is yet, claimed that the Deputy Sheriff conducted the sale in such a manner that all the bonds were bought in by himself for far less than their real value, and that, practically, he converted them to his own use. At all events, when the Court of Appeals had set aside the judgments against Mrs. Roberts and her co-defendants, none of the property taken from them was in sight. Then Mrs. Roberts brought suit against the Stuyvesant Company claiming that it was responsible to her because it had not resisted to the uttermost the advent of the police. This claim was resisted on the theory that the company was not the bailee of property not specifically committed to its safe-keeping, and that the police had authority under the search warrants to make their way to the box which Mrs. Roberts had hired. Judge Van Vorst discusses the case in a long opinion, and reaches the conclusion that when the Sheriff levied on Mrs. Roberts's property, the Stuyvesant Company, even if originally negligent—which he thinks it was not—became devoid of all liability. Her property went into the custody of the law, and was therefore, in a legal sense, returned to her. By the pursuit of remedies provided for her by the law she could have recovered the actual possession of the property, but she did not avail herself of any of those remedies. Hence she alone was chargeable with negligence.

NEW BANKS, BANKERS, AND SAVINGS BANKS.

(Monthly List, continued from December No., page 471.)

<i>State.</i>	<i>Place and Capital.</i>	<i>Bank or Banker.</i>	<i>Cashier and N. Y. Correspondent.</i>
CAL....	Pasadena.	E. C. Webster & Co. ....	.....
	\$25,000	Edwin C. Webster, <i>Pr.</i>	Bayard T. Smith, <i>Treas.</i>
COL....	Breckenridge....	Thos. S. Wintermute....	.....
DAK....	Fargo.....	Citizens' National Bank...	Fourth National Bank.
	\$100,000	H. F. Miller, <i>Pr.</i>	C. C. Schuyler, <i>Cas.</i>
" ..	Madison.....	Madison National Bank..	Chemical National Bank.
	\$50,000	E. H. Jacobs, <i>Pr.</i>	S. W. Jacobs, <i>Cas.</i>
" ..	Parkston.....	Bank of Parkston....	.....
			Geo. H. Rathman, <i>Cas.</i>
" ..	Yankton.....	Mortgage Bank.....	.....
	\$20,000	D. W. Tanner, <i>Pr.</i>	George E. Searing, <i>Cas.</i>
ILL....	Canton.....	Canton National Bank...	National Park Bank.
	\$50,000	David Beeson, <i>Pr.</i>	Chas. T. Heald, <i>Cas.</i>
IOWA...	Council Bluffs..	J. W. & E. L. Squire....	.....
	\$100,000		
KAN....	Appleton.....	Appleton Bank.....	National Park Bank.
	\$5,000	Perry A. Scrogin, <i>Pr.</i>	Chas. M. Cross, <i>Cas.</i>
" ..	Dodge City....	First National Bank	Third National Bank.
	\$50,000	Geo. M. Hoover, <i>Pr.</i>	Richard W. Evans, <i>Cas.</i>
" ..	Medicine Lodge	Citizen's National Bank..	United States National Bank.
	\$50,000	Joseph W. McNeal, <i>Pr.</i>	Timothy C. Molloy, <i>Cas.</i>
" ..	Phillipsburgh...	First National Bank....	Chemical National Bank.
	\$50,000	H. S. Granger, <i>Pr.</i>	Frank Strain, <i>Cas.</i>
LA.....	Shreveport....	Commercial National B'k.	.....
	\$100,000	John G. McWilliams, <i>Pr.</i>	Ralph R. Deming, <i>Cas.</i>
" ..	Shreveport....	First National Bank....	Hanover National Bank.
	\$200,000	Edward Jacobs, <i>Pr.</i>	Walter B. Jacobs, <i>Cas.</i>
MASS...	West Newton..	First National Bank....	.....
	\$50,000	James H. Nickerson, <i>Pr.</i>	Mellville L. Parker, <i>Cas.</i>
NEB....	Omaha.....	State National Bank....	.....
	\$100,000	Elijah L. Lyon, <i>Pr.</i>	Andrew A. McFadon, <i>Cas.</i>
" ..	South Omaha..	South Omaha Nat'l B'k..	Bank of N. Y. N. B. A.
	\$50,000	A. U. Wyman, <i>Pr.</i>	
OHIO...	Cincinnati....	Ohio Valley Nat'l Bank..	.....
	\$500,000	James Espy, <i>Pr.</i>	Theo. Baur, <i>Cas.</i>
" ..	Columbus.....	Clinton National Bank....	.....
	\$200,000	M. M. Greene, <i>Pr.</i>	F. W. Prentiss, <i>Cas.</i>
PENN...	Philadelphia..	Manayunk National B'k..	Hanover National Bank.
	\$200,000	David Wallace, <i>Pr.</i>	John J. Foulkrod, <i>Cas.</i>
" ..	Steelton.....	Steelton National Bank..	.....
	\$75,000	Luther S. Bent, <i>Pr.</i>	William J. Snavelly, <i>Cas.</i>
TEXAS..	El Paso.....	El Paso National B'k....	.....
	\$150,000	Edgar B. Bronson, <i>Pr.</i>	W. H. Austin, <i>Cas.</i>
WIS. ...	Ashland.....	Northern National Bank.	.....
	\$100,000	Eugene A. Shores, <i>Pr.</i>	Chas. F. Latimer, <i>Cas.</i>
" ..	Baraboo.....	First National Bank....	.....
	\$50,000	T. M. Warren, <i>P.</i>	Chas. L. Sproat, <i>Cas.</i>
ONT....	Smith's Falls..	Union Bank of Canada..	National Park Bank.
		J. G. Billett, <i>M'gr.</i>	
" ..	Toronto.....	Ontario Bank.....	Bank of State of New York.
		R. B. Caldwell, <i>M'gr.</i>	

CHANGES OF PRESIDENT AND CASHIER.

(Monthly List, continued from December No., page 472.)

	Bank and Place.	Elected.	In place of
N.Y. CITY.	Chase National Bank..	W. H. Porter, <i>Cas.</i>	C. C. Slade.
		C. C. Slade, <i>Ass't Cas.</i>.....	.....
"	Leather Manufacturers' Nat'l B.	John T. Willets, <i>Pr.</i>	Nicholas F. Palmer.
CAL....	California N.B., San Francisco.	R. A. Wilson, <i>V. P.</i>.....	.....
"	First National Bank, Colton..	W. R. Fox, <i>V. P.</i>.....	.....
DAK...	First National Bank, Fargo....	Wm. R. Douglas, <i>V. P.</i>.....	.....
ILL....	Canton National Bank,	S. Y. Thornton, <i>V. Pr.</i>.....	.....
	Canton.	E. A. Heald, <i>Ass't Cas.</i>.....	.....
"	Farmers' & Mer. B., Elmwood.	E. L. Brown, <i>Cas.</i>.....	.....
IND....	Lawrence N. B., N. Manchester.	D. C. Harter, <i>Cas.</i>	James H. Mills.
KAN....	Citizens' National Bank,	H. C. Thompson, <i>V. P.</i>.....	.....
	Medicine Lodge.	F. L. Lindley, <i>Ass't Cas.</i>.....	.....
KY....	Northern B. of Ky., Lexington.	Jos. Clark, <i>Pr.</i>	M. C. Johnson.*
LA....	State National Bank, N. O....	Pierre Lanaux, <i>Pr.</i>	J. W. Kilbreth.
MASS...	First Nat'l B'k, Northampton..	A. L. Williston, <i>V. Pr.</i>	H. F. Williams.
"	First Nat'l B'k, West Newton.	A. R. Mitchell, <i>V. P.</i>.....	.....
MICH....	First National Bank, Ithaca...	M. F. Chafey, <i>Cas.</i>	J. W. Lewis.
"	Lowell Nat'l Bank, Lowell....	Chester G. Stone, <i>Pr.</i>	M. M. Hine.
MINN...	Pipe Stone Co. B'k, Pipe Stone.	E. W. Davies, <i>Cas.</i>	A. H. Merwin.
NEB....	First National Bank, Alma....	William Campbell, <i>V. P.</i>.....	.....
"	First National Bank, York....	H. C. Kleinschmidt, <i>Cas.</i>	W. J. Wildman.
"	German National Bank,	C. C. Munson, <i>V. Pr.</i>.....	.....
	Lincoln.	O. J. Wilcox, <i>Ass't Cas.</i>.....	.....
NEV....	First Nat'l B'k, Winnemucca.	F. D. Sweetzer, <i>V. Pr.</i>.....	.....
N. J....	First Nat'l Bank, Manasquan..	M. D. L. Magee, <i>Cas.</i>	John Terhune.
OHIO....	Ohio Valley National Bank,	B. Bettmann, <i>V. P.</i>.....	.....
	Cincinnati.	D. Wachman, <i>Ass't Cas.</i>.....	.....
PENN...	First National B'k, Glen Rock..	D. A. Becker, <i>Cas.</i>	F. W. Brown.
"	Fulton Nat'l B'k, Lancaster..	John Hertzler, <i>Cas.</i>	C. A. Fon Dersmith.
"	Lincoln Nat'l Bank, Lincoln...	E. F. Bard, <i>Cas.</i>	W. J. Snively.
"	Marine Nat'l Bank, Erie....	F. F. Marshall, <i>Pr.</i>	J. C. Marshall.*
"	Steelton Nat'l Bank, Steelton..	J. E. Kutherford, <i>V. P.</i>.....	.....
"	Wyoming N. B., Wilkes Barre.	Geo. H. Flanagan, <i>Cas.</i>.....	.....
TEXAS.	City National B'k, Fort Worth.	Max Elser, <i>Cas.</i>	G. R. Newton.*
WIS....	First Nat'l B'k, Fox Lake	J. F. Fuller, Jr., <i>Cas.</i>	Wm. J. Dexter.
"	First National Bank, Ashland.	Sam'l S. Fifield, <i>V. P.</i>.....	.....
WYO....	First National Bank, Douglas.	Bartlett Richards, <i>V. Pr.</i>.....	.....

* Deceased

CHANGES, DISSOLUTIONS, ETC.

(Monthly List, continued from December No., page 474.)

DAK....	Aurora	Bank of Aurora (Murphy Bros.); now J. H. & B. J. Kelsey, proprietors.
"	Jamestown.....	Jamestown National Bank; gone into voluntary liquidation.
ILL....	Canton.....	C. T. Heald & Co.; succeeded by First National Bank.
IND....	Indianapolis...	First National Bank; gone into voluntary liquidation.
IOWA...	Grand Junction	C. B. Park; succeeded by O. J. Dutton.
"	Marshalltown..	Commercial National B'k; suc. by Commercial Banking Co.

- KAN.... Dodge City.... Bank of Dodge City; succeeded by First National Bank; same officers and correspondents.
- LA..... Shreveport..... E. & W. B. Jacobs; succeeded by First National Bank.
- " .. Shreveport..... McWilliams, McCuchen & Deming; suc. by Com. Nat'l B'k.
- MASS... West Newton.. Exchange Banking Co.; succeeded by First National Bank.
- MICH... Hillsdale..... Second National Bank; gone into voluntary liquidation.
- " .. Concord First National Bank; gone into voluntary liquidation; succeeded by Farmers' State Bank.
- OHIO... Berea First National Bank; gone into voluntary liquidation; suc. by Bank of Berea; same officers and correspondents.

OFFICIAL BULLETIN OF NEW NATIONAL BANKS.

(Continued from December No., page 473.)

No.	Name and Place.	President.	Cashier.	Capital.
3593	Canton National Bank..... Canton, ILL.	David Beeson,	Charles T. Heald,	\$50,000
3594	Citizens' National Bank..... Medicine Lodge, KAN.	Joseph W. McNeal,	Timothy C. Molloy,	50,000
3595	First National Bank..... Shreveport, LA.	Edward Jacobs,	Walter B. Jacobs,	200,000
3596	First National Bank..... Dodge City, KAN.	Geo. M. Hoover,	Richard W. Evans,	50,000
3597	Madison National Bank..... Madison, DAK.	E. H. Jacobs,	S. W. Jacobs,	50,000
3598	First National Bank..... West Newton, MASS.	James H. Nickerson,	Mellville L. Parker,	50,000
3599	Steelton National Bank..... Steelton, PA.	Luther S. Bent,	William J. Snavely,	75,000
3600	Commercial National Bank..... Shreveport, LA.	John G. McWilliams,	Ralph R. Deming,	100,000
3601	First National Bank..... Phillipsburgh, KAN.	H. S. Granger,	Frank Strain,	50,000
3602	Citizen's National Bank..... Fargo, DAK.	H. F. Miller,	C. C. Schuyler,	100,000
3603	State National Bank..... Omaha, NEB.	Elijah L. Lyon,	Andrew A. McFadon,	100,000
3604	Manayunk National Bank..... Philadelphia, PA.	David Wallace,	John J. Foulkrod,	200,000
3605	National Park Bank..... Livingston, MONT.	Wm. R. Stebbins,	A. L. Love,	50,000
3606	Ohio Valley National Bank.... Cincinnati, O.	James Espy,	Theo. Baur,	500,000
3607	Northern National Bank..... Ashland, WIS.	Eugene A. Shores,	Chas. F. Latimer,	100,000
3608	El Paso National Bank..... El Paso, TEX.	Edgar B. Bronson,	W. H. Austin,	150,000
3609	First National Bank..... Baraboo, WIS.	T. M. Warren,	Chas. L. Sproat,	50,000
3610	Clinton National Bank..... Columbus, O.	Milbury M. Greene,	Frederick W. Prentiss,	200,000
3611	South Omaha National Bank.... South Omaha, NEB.	A. U. Wyman,		50,000

*STATEMENT of Canadian Chartered Banks to the Government, Oct. 31, 1886.**

<i>Chartered Banks, Statement to Govt. Month ending Oct. 31, 1886.</i>	<i>Capital Paid up.</i>	<i>Reserve Fund.</i>	<i>Dividend rate % p. annum.</i>	<i>Notes in Circulation.</i>	<i>Pro. Gov. Dep. payable after notice</i>	<i>Other Deposits on Demand.</i>	<i>Other Dep's payable after notice.</i>
	\$	\$		\$	\$	\$	\$
Toronto.....	2,000,000	1,200,000	8	1,139,353	.....	3,462,173	1,679,479
Commerce.....	6,000,000	1,600,000	7	2,915,201	65,716	4,056,938	6,503,599
Dominion.....	1,500,000	1,020,000	10	1,391,507	50,000	2,240,188	3,412,196
Ontario.....	1,500,000	500,000	6	1,243,241	117,685	2,076,122	2,432,277
Standard.....	1,000,000	300,000	7	635,944	71,579	1,243,822	1,499,795
Federal.....	1,250,000	125,000	6	796,719	50,000	1,298,540	1,917,849
Imperial.....	1,500,000	500,000	8	1,222,273	.....	2,548,047	1,799,238
Central.....	468,600	25,000	6	373,615	.....	743,396	875,122
Traders.....	411,865	Nil.	6	408,930	.....	287,386	414,312
Hamilton.....	999,500	300,000	8	933,678	.....	1,284,996	578,350
Ottawa.....	1,000,000	210,000	7	610,563	.....	758,286	1,246,174
Western.....	318,124	25,000	7	295,315	.....	99,021	453,747
London, Can.....	201,761	50,000	7	201,635	.....	214,730	584,753
Total, Ontario...	18,149,851	5,855,000	....	12,167,974	554,981	20,313,653	23,396,902
Montreal.....	12,000,000	6,000,000	10	5,869,806	600,000	10,079,164	5,718,516
Brit. N. American.....	4,866,660	1,079,475	7	1,071,420	.....	1,549,306	3,889,928
People's.....	1,200,000	200,000	6	950,309	130,000	1,037,165	975,686
Jacques-Cartier.....	500,000	140,000	6	439,775	150,000	520,851	385,657
Ville-Marie.....	477,530	20,000	7	460,600	.....	125,952	468,687
Hochelaga.....	710,100	70,000	6	674,712	20,000	428,734	319,934
Molson's.....	2,000,000	800,000	8	1,904,547	.....	3,031,575	2,404,102
Merchants'.....	5,799,200	1,500,000	7	3,650,980	.....	3,977,456	4,848,515
Nationale.....	2,000,000	Nil.	Nil.	624,913	10,635	1,097,815	505,838
Quebec.....	2,500,000	325,000	6	759,192	.....	3,443,734	826,571
Union.....	1,200,000	Nil.	6	678,959	33,500	558,080	798,841
St. Jean.....	238,255	10,000	Nil.	73,310	.....	3,760	25,966
St. Hyacinthe.....	263,620	Nil.	Nil.	203,383	.....	27,788	353,180
Eastern Townships	1,455,046	375,000	7	792,307	.....	481,760	1,568,220
Total, Quebec....	35,210,417	10,519,475	....	18,174,213	944,135	26,363,145	23,029,647
Nova Scotia.....	1,114,300	340,000	7	1,081,683	.....	735,250	2,134,366
Merchs. of Halifax	1,000,000	120,000	6	884,238	.....	597,405	933,917
People's.....	600,000	35,000	5	143,625	.....	126,258	260,761
Union.....	500,000	40,000	5	125,025	.....	134,639	308,558
Halifax.....	500,000	55,000	6	415,259	.....	338,786	947,845
Yarmouth.....	300,000	30,000	6	77,605	.....	86,929	285,256
Exchange.....	245,910	30,000	6	33,301	.....	22,444	31,822
Pictou.....	200,000	Nil.	Nil.	144,005	.....	15,014	79,859
Com. of Windsor..	260,000	65,000	7	63,716	.....	33,594	166,316
Tot., Nova Scotia.	4,720,210	715,000	....	2,968,461	.....	2,090,323	5,145,793
New Brunswick....	500,000	300,000	8	441,176	.....	676,008	445,959
Maritime.....	321,900	60,000	6	312,714	.....	237,063	361,086
St. Stephen's.....	200,000	25,000	5	265,588	.....	95,373	42,000
Tot., New Brunswick.	1,021,900	385,000	....	1,019,478	.....	1,008,444	849,046
Com., Manitoba..	229,200	Nil.	7	218,100	.....	413,609	40,915
British Columbia..	1,824,937	340,666	6	773,789	29,997	1,231,269	129,026
Grand Total.....	61,156,536	17,815,141	....	35,322,015	1,329,114	51,420,446	52,591,241

Bank of British Columbia, bonus of 2% equal in all to a dividend of 8% per annum

Do New Brunswick paid its last dividend at the rate of 8% on old capital, viz, \$1,000,000.

* These are the figures given in the Canadian Journal of Commerce.

FLUCTUATIONS OF THE NEW YORK STOCK EXCHANGE, DECEMBER, 1886.

Opening, Highest, Lowest and Closing Prices of Stocks and Bonds in December.						RAILROAD STOCKS.				MISCELLANEOUS.				
GOVERNMENTS.		Interest Periods.	Open- ing.	High- est.	Low- est.	Clos- ing.	RAILROAD STOCKS.				MISCELLANEOUS.			
1½s, 1891.... reg.		Mar.	110½	110½	110½	110½	East Tenn., Va. & Ga.	Do.	pref.	—	—	—	Pacific Mail	
4½s, 1891.... coup.		Mar.	111½	110½	110½	110½	Erie.	Do.	pref.	37½	78½	31½	Philadelphia & Reading.....	
4½s, 1891.... coup.		Mar.	120½	120½	120½	120½	Houston & Texas.	Do.	pref.	76	70	74½	Pullman Palace Car Co.	
4½s, 1897.... reg.		Jan.	120½	120½	120½	120½	Illinois Central.	Do.	pref.	64½	44½	38½	Peoria, Decatur & Evansville	
4½s, 1897.... reg.		Jan.	120½	120½	120½	120½	Indiana, Bloom'g. & Western	Do.	pref.	19	20	17	Richmond & Danville.....	
4½s, 1897.... reg.		Jan.	120½	120½	120½	120½	Louisville & Nashville.	Do.	pref.	64½	44½	38½	Richmond & Alleghany.....	
4½s, 1897.... reg.		Jan.	120½	120½	120½	120½	Louisville, N. Alb. & Chic.	Do.	pref.	19	20	17	Richmond & West Point....	
4½s, 1897.... reg.		Jan.	120½	120½	120½	120½	Louisville, N. Alb. & Chic.	Do.	pref.	99½	70½	63½	Rochester & Pittsburgh....	
4½s, 1897.... reg.		Jan.	120½	120½	120½	120½	Lake Erie & Western.	Do.	pref.	99½	70½	63½	St. Louis, Alton and T. H. pref.	
4½s, 1897.... reg.		Jan.	120½	120½	120½	120½	Lake Erie & Western.	Do.	pref.	99½	70½	63½	St. Louis & San Fran.	
4½s, 1897.... reg.		Jan.	120½	120½	120½	120½	Lake Erie & Western.	Do.	pref.	99½	70½	63½	St. Paul & Duluth.	
4½s, 1897.... reg.		Jan.	120½	120½	120½	120½	Lake Erie & Western.	Do.	pref.	99½	70½	63½	St. Paul, Minneap. & Man.	
4½s, 1897.... reg.		Jan.	120½	120½	120½	120½	Lake Erie & Western.	Do.	pref.	99½	70½	63½	Texas Pacific.	
4½s, 1897.... reg.		Jan.	120½	120½	120½	120½	Lake Erie & Western.	Do.	pref.	99½	70½	63½	Union Pacific.	
4½s, 1897.... reg.		Jan.	120½	120½	120½	120½	Lake Erie & Western.	Do.	pref.	99½	70½	63½	Western Union Telegraph...	
4½s, 1897.... reg.		Jan.	120½	120½	120½	120½	Lake Erie & Western.	Do.	pref.	99½	70½	63½	Wabash Pacific.	
4½s, 1897.... reg.		Jan.	120½	120½	120½	120½	Lake Erie & Western.	Do.	pref.	99½	70½	63½	MISCELLANEOUS—	
4½s, 1897.... reg.		Jan.	120½	120½	120½	120½	Lake Erie & Western.	Do.	pref.	99½	70½	63½	Express—Adams.	
4½s, 1897.... reg.		Jan.	120½	120½	120½	120½	Lake Erie & Western.	Do.	pref.	99½	70½	63½	American.	
4½s, 1897.... reg.		Jan.	120½	120½	120½	120½	Lake Erie & Western.	Do.	pref.	99½	70½	63½	United States.	
4½s, 1897.... reg.		Jan.	120½	120½	120½	120½	Lake Erie & Western.	Do.	pref.	99½	70½	63½	Wells-Fargo.	
4½s, 1897.... reg.		Jan.	120½	120½	120½	120½	Lake Erie & Western.	Do.	pref.	99½	70½	63½	Ches. & Ohio, series B.	
4½s, 1897.... reg.		Jan.	120½	120½	120½	120½	Lake Erie & Western.	Do.	pref.	99½	70½	63½	Denver & Rio Grande 1st.	
4½s, 1897.... reg.		Jan.	120½	120½	120½	120½	Lake Erie & Western.	Do.	pref.	99½	70½	63½	Lehigh & W. B. con. ass.	
4½s, 1897.... reg.		Jan.	120½	120½	120½	120½	Lake Erie & Western.	Do.	pref.	99½	70½	63½	Metropolitan Elevated 1st.	
4½s, 1897.... reg.		Jan.	120½	120½	120½	120½	Lake Erie & Western.	Do.	pref.	99½	70½	63½	Mo., K. & T. con. ass.	
4½s, 1897.... reg.		Jan.	120½	120½	120½	120½	Lake Erie & Western.	Do.	pref.	99½	70½	63½	N. Y. Chi. & St. L. 1st.	
4½s, 1897.... reg.		Jan.	120½	120½	120½	120½	Lake Erie & Western.	Do.	pref.	99½	70½	63½	N. Y. Elevated 1st.	
4½s, 1897.... reg.		Jan.	120½	120½	120½	120½	Lake Erie & Western.	Do.	pref.	99½	70½	63½	N. Y. L. E. & W. ad con.	
4½s, 1897.... reg.		Jan.	120½	120½	120½	120½	Lake Erie & Western.	Do.	pref.	99½	70½	63½	W. Shore guar. 45. L'd G.	
4½s, 1897.... reg.		Jan.	120½	120½	120½	120½	Lake Erie & Western.	Do.	pref.	99½	70½	63½	Union Pacific 1st.	
4½s, 1897.... reg.		Jan.	120½	120½	120½	120½	Lake Erie & Western.	Do.	pref.	99½	70½	63½	Union Pacific S. F'd.	
4½s, 1897.... reg.		Jan.	120½	120½	120½	120½	Lake Erie & Western.	Do.	pref.	99½	70½	63½	—	
4½s, 1897.... reg.		Jan.	120½	120½	120½	120½	Lake Erie & Western.	Do.	pref.	99½	70½	63½	—	
4½s, 1897.... reg.		Jan.	120½	120½	120½	120½	Lake Erie & Western.	Do.	pref.	99½	70½	63½	—	
4½s, 1897.... reg.		Jan.	120½	120½	120½	120½	Lake Erie & Western.	Do.	pref.	99½	70½	63½	—	
4½s, 1897.... reg.		Jan.	120½	120½	120½	120½	Lake Erie & Western.	Do.	pref.	99½	70½	63½	—	
4½s, 1897.... reg.		Jan.	120½	120½	120½	120½	Lake Erie & Western.	Do.	pref.	99½	70½	63½	—	
4½s, 1897.... reg.		Jan.	120½	120½	120½	120½	Lake Erie & Western.	Do.	pref.	99½	70½	63½	—	
4½s, 1897.... reg.		Jan.	120½	120½	120½	120½	Lake Erie & Western.	Do.	pref.	99½	70½	63½	—	
4½s, 1897.... reg.		Jan.	120½	120½	120½	120½	Lake Erie & Western.	Do.	pref.	99½	70½	63½	—	
4½s, 1897.... reg.		Jan.	120½	120½	120½	120½	Lake Erie & Western.	Do.	pref.	99½	70½	63½	—	
4½s, 1897.... reg.		Jan.	120½	120½	120½	120½	Lake Erie & Western.	Do.	pref.	99½	70½	63½	—	
4½s, 1897.... reg.		Jan.	120½	120½	120½	120½	Lake Erie & Western.	Do.	pref.	99½	70½	63½	—	
4½s, 1897.... reg.		Jan.	120½	120½	120½	120½	Lake Erie & Western.	Do.	pref.	99½	70½	63½	—	
4½s, 1897.... reg.		Jan.	120½	120½	120½	120½	Lake Erie & Western.	Do.	pref.	99½	70½	63½	—	
4½s, 1897.... reg.		Jan.	120½	120½	120½	120½	Lake Erie & Western.	Do.	pref.	99½	70½	63½	—	
4½s, 1897.... reg.		Jan.	120½	120½	120½	120½	Lake Erie & Western.	Do.	pref.	99½	70½	63½	—	
4½s, 1897.... reg.		Jan.	120½	120½	120½	120½	Lake Erie & Western.	Do.	pref.	99½	70½	63½	—	
4½s, 1897.... reg.		Jan.	120½	120½	120½	120½	Lake Erie & Western.	Do.	pref.	99½	70½	63½	—	
4½s, 1897.... reg.		Jan.	120½	120½	120½	120½	Lake Erie & Western.	Do.	pref.	99½	70½	63½	—	
4½s, 1897.... reg.		Jan.	120½	120½	120½	120½	Lake Erie & Western.	Do.	pref.	99½	70½	63½	—	
4½s, 1897.... reg.		Jan.	120½	120½	120½	120½	Lake Erie & Western.	Do.	pref.	99½	70½	63½	—	
4½s, 1897.... reg.		Jan.	120½	120½	120½	120½	Lake Erie & Western.	Do.	pref.	99½	70½	63½	—	
4½s, 1897.... reg.		Jan.	120½	120½	120½	120½	Lake Erie & Western.	Do.	pref.	99½	70½	63½	—	
4½s, 1897.... reg.		Jan.	120½	120½	120½	120½	Lake Erie & Western.	Do.	pref.	99½	70½	63½	—	
4½s, 1897.... reg.		Jan.	120½	120½	120½	120½	Lake Erie & Western.	Do.	pref.	99½	70½	63½	—	
4½s, 1897.... reg.		Jan.	120½	120½	120½	120½	Lake Erie & Western.	Do.	pref.	99½	70½	63½	—	
4½s, 1897.... reg.		Jan.	120½	120½	120½	120½	Lake Erie & Western.	Do.	pref.	99½	70½	63½	—	
4½s, 1897.... reg.		Jan.	120½	120½	120½	120½	Lake Erie & Western.	Do.	pref.	99½	70½	63½	—	
4½s, 1897.... reg.		Jan.	120½	120½	120½	120½	Lake Erie & Western.	Do.	pref.	99½	70½	63½	—	
4½s, 1897.... reg.		Jan.	120½	120½	120½	120½	Lake Erie & Western.	Do.	pref.	99½	70½	63½	—	
4½s, 1897.... reg.		Jan.	120½	120½	120½	120½	Lake Erie & Western.	Do.	pref.	99½	70½	63½	—	
4½s, 1897.... reg.		Jan.	120½	120½	120½	120½	Lake Erie & Western.	Do.	pref.	99½	70½	63½	—	
4½s, 1897.... reg.		Jan.	120½	120½	120½	120½	Lake Erie & Western.	Do.	pref.	99½	70½	63½	—	
4½s, 1897.... reg.		Jan.	120½	120½	120½	120½	Lake Erie & Western.	Do.	pref.	99½	70½	63½	—	
4½s, 1897.... reg.		Jan.	120½	120½	120½	120½	Lake Erie & Western.	Do.	pref.	99½	70½	63½	—	
4½s, 1897.... reg.														

NOTES ON THE MONEY MARKET.

A FINANCIAL AND COMMERCIAL REVIEW.

The end of December and of the year have brought what is regarded in business circles, as the end of the late period of depression, and of bad times. The new year also has brought with it the expectation that in nearly all branches of legitimate industry, this is to be one of the best business years on record. There may be some old sores, such as those that have come to a head, during the last month, in the increased number of failures in commercial circles, which have yet to come to the surface of the financial body, within the coming year. But these are rather an evidence that the disease has left the vital organs and been carried off by an increased and more healthy circulation, with the excretions of the system. This is the chief significance of these failures which have surprised some and caused others loss who had congratulated themselves that the credit side of the profit and loss account was to show a better balance at the end of this year than last. But such cases are exceptional, and the balance sheet of the great majority of men engaged in legitimate business, and not involved in or by speculations, old or new, will show a good fair profit on the past year's business; nothing abnormal nor dangerous, but natural and healthy returns on capital invested and risks taken. In this connection, it must not be forgotten that the effects of one of the most acute though temporary panics ever witnessed in the stock and money markets has occurred during the last month of the year. And although attended with scarcely any failures, the shrinkage and loss was as severe if not as wide felt as if it had brought down a large number of houses. Confidence of course is less shaken and business less deranged. Yet the collapses, known as the "silent failures" are numerous and heavy. No doubt a large number of the December assignments, most of which have occurred the last half of the month, could be traced to losses directly or indirectly in Wall street, and the other part to money accommodations withdrawn from shaky houses which had been carried by the banks over some old losses, while money was going begging the past three years. These comprise the dark spots on the business horizon at the end of the old year, and do not even rise to the dignity of a cloud, no bigger than a man's hand, on the rising sun of the new year of prosperity and progress. This thunder shower in Wall street, where the air had become overcharged with speculative heat and electricity, as we gave warning in our two last numbers, has cooled and cleared the atmosphere of the whole country, which had begun to take flyers in the stock market again, tempted by the way stocks and especially the fancies were taken hold of by pools, and one after another kited 30 to 75 per cent. within two weeks or a month regardless of values. The public was in stocks; but it was upon the public in part only that these pools had unloaded, while they were caught with the bulk themselves, because, like all panics, this was unexpected and precipitated by a money market, made

artificially very stringent, at a time when the drain of money to the country to move the crops, favored and made easy its manipulation. This was what was done by a combination of big capitalists and bankers who are reputed to have made very great fortunes out of the operation. Indeed, it was rumored on Wall street that some high-toned bankers used their connection with banks to make their \$3,000,000 in this money pool. Old grudges were also paid off in the same operation against members of the Reading reconstruction pool as well as of the West Shore syndicate of a year ago, in revenge for not being let into those deals, and for the losses sustained by members of this money pool who were caught short of stocks on the booms that followed the announcement of both those reorganization schemes. This was the true inwardness of the unexpected and unnecessary stringency in the money market which we showed in our last was in no danger from the legitimate demand for currency as the maximum movements of the crops was reached in November, before the closing of navigation; while the prospects of increased gold imports in payment of increasing exports would avert any natural stringency until the January disbursements for interest and dividends should put additional currency into circulation. But while the imports of gold increased largely, the bulls in stocks pushed prices up so fast and recklessly that they made the conditions that enabled the money combination to control the money market, by expanding the loans of the banks so heavily to carry these manipulated stocks at their enormously inflated prices, that their reserves became exhausted or endangered, just at a time when the little unpleasantness between the New York banks and the Government over the change in the bank examiner for this city, made them liable to a call from Washington to strengthen their reserves. All that was needed to make a panic, therefore, was to scare these banks into calling in their loans and to throw all fancy stocks out of their collaterals. Thus the bulls in stocks pulled down their cob house over their own heads. But they were able to stand up and pay for their folly although the big professional speculators who seem to have been let into the scheme by the money pool, hammered the market most unmercifully and persistently for a week. Stocks appear, however, to have worked into strong hands again, and now seem to be advancing without manipulation upon their merits with some exceptions where the pools held the bulk of their fancies which have not all been liquidated.

Stocks now are back to about the average prices when we showed that they had been advanced as far as the legitimate industries of the country that support them would warrant as the latter could not stand any higher rates of freight, at the prices then and now for their products. To sustain prices of stocks at a higher level than then or now, will require larger dividends and hence larger earnings, which are not among the near probabilities, except in case of the grain roads and trunk lines, which are likely to have to bring a good deal of wheat as well as corn from the West to the seaboard before the opening of navigation, next spring, in order to supply the steady and now rapid increase in our export demand. Stocks of wheat in Great Britain, which are a fair average of those on the Continent as compared with a year ago, were only one-third or 9,000,000, against 27,000,000 bushels of wheat and flour a year ago. For the first four months of 1887, both the United Kingdom and the Continent will have to import more wheat than for the past four years. As

India and other exporting countries have about exhausted their surplus, and have now less than 3,000,000 bushels on passage for Europe, this unusual deficit in her supplies must nearly all be drawn from the United States and largely from the Atlantic coast.

The export houses here have already bought nearly double the stock at our Atlantic ports, and have sold it on the other side for which they have taken ocean freights to the extent of the available tonnage offered on spot and to arrive up to the middle of March, although the rates have steadily advanced until they are more than double those three months ago. It will thus be seen that this large amount of future wheat, as well as spot, bought by the foreign houses, has been taken largely for actual shipment, and the shorts who have sold it to them will have to "go West" before we get through the winter to buy back what they have sold and bring it forward by rail, no matter what the railroads may charge nor what the price of wheat.

It will thus be seen that while the advanced Trunk Line scheduled rates of the last half of December have not been obtained, as a rule, except from non-competitive points, the roads may have enough grain offered them before the month of January is ended, to enable them to get the advance they have so far attempted in vain. Should this prove true, and the winter continue open so that they can haul the grain without additional cost, it may so increase the earnings of the grain roads as to warrant higher prices for their stocks, than now. In fact, this has been regarded already as a bull argument on Trunk Line stocks, and the market at the close of the month seems to have become settled upon a permanent basis at values again with an advancing tendency on the better and unmanipulated securities. The coal shares have begotten a demoralized feeling growing out of the doubts of the Reading reorganization scheme, working the cure for all their ills, as well as its own, that it was first advertised to do, when that stock led the boom as it lately did the panic in the market. The Southern roads and the new reorganization and consolidation schemes that lately brought them into unusual prominence have had a set back with the coal stocks and fancies. But railroads in the South are fast assuming an importance they have never before possessed, as the old system of water transportation of the slave era is being rapidly superseded by the railway, and the old disjointed and short links beginning and ending with local termini are now being formed into lines and systems running both East and West and North and South, from the Mississippi River or Rocky Mountains to the Atlantic, or from the Gulf of Mexico to the Great Lakes. The development of railways in this part of the country is therefore the most rapid and promises the best returns of any section of the country, because the South is settled and has large old centers to support new roads, which, in addition, are developing immense sections of new country that have been beyond the reach of markets for lack of transportation. This is what is so rapidly developing the resources of the South, and will make railroad property there much better than that into new country in the far West that has no old business, and new business for railroads must be created by them.

The situation of the grain markets has been incidentally explained in explaining that of the stock market. While wheat is in the strongest position of the

products of the farm, all of them have been selling too low and too long under the depression caused by a false bear sentiment in these markets which has been worse overdone than the bull sentiment in stocks. Feed for beast and raw materials of all kinds, for manufacture, including cotton, as well as food for man, must do better for they have been below the average cost of production so long that consumption has overtaken the overproduction of the past four years the world over. There is scarcely a product of the soil that will not come under this rule. Manufactured goods have paid for their production the past year and a small profit on textiles, while iron has paid a good profit, and the new year starts off with a decided upward tendency to prices for reasons so fully explained in our last before the situation in the iron trade had fully developed. The commercial interests connected with the agricultural, and the agricultural industries themselves are the two great ones that have been a brake upon the wheels of the business recovery of the past year. We have shown that the return of our old time export trade is lifting this brake at last, and the bear speculators in produce with them, although they have lost the country and the farmers hundreds of millions on our surplus for export raised this year, for which we might as easily have obtained 25 per cent. more as the prices we have.

Petroleum has had another attack of Standard chills and fever, only the fever came first this time in a boom on which that monopoly unloaded, and then broke the market again on the outsiders, in which they were helped by the panic in stocks and the tight money market.

Coffee had a set back on the panic in money and broke 60 points in one day. But this has less interest here, as our market is controlled by a Liverpool and Havre syndicate who manipulate it from that side and at Rio.

Cotton has at last turned up with wheat on a heavy export demand, the strength and recovery being started in Liverpool and sustained by foreign markets the same as in grain and pork except that the latter has been helped by speculation based upon much smaller receipts of hogs throughout the West than expected.

Ocean freights have at last become equalized with the advance in railroad rates of transportation. As we showed last fall they would, before our wheat would move out freely, because there was not enough regular tonnage in the European trade, and it must be attracted from other parts of the world by higher and remunerative rates before we could increase our exports largely. Cotton has also competed with wheat for more tonnage and at better rates. But now its movement for export is letting up after having been very heavy all the fall, and rates are beginning to ease off a trifle to the Continent and also to England.

The holiday trade has been fair, but not what was expected, and no better, if as good generally as a year ago. Yet the fact that stocks of manufactured goods of all kinds in manufacturers' hands and in those of jobbers are small is evidence of a good fall's business. The money market is not talked of now as likely to bring on any further complications in business, unless the European markets should turn sellers of our railroad securities of which they have been steady and heavy buyers for months, and take gold that way to pay for them instead of its coming here.

There has been some tendency to this change of late, but it does not seem to grow, and unless tight money or panic on the other side caused, by war probabilities in Bulgaria or elsewhere (both of which are possible), should compel

the realization on Americans here, where prices would be the least affected by European complications, it is not likely that we shall be troubled by a return of our securities at present or so long as our railroad properties continue to improve as they are likely to for 1887.

The reports of the New York Clearing-house returns compare as follows:

1886.	<i>Loans.</i>	<i>Specie.</i>	<i>Legal Tenders.</i>	<i>Deposits.</i>	<i>Circulation.</i>	<i>Surplus.</i>
Dec. 4...	\$ 350,847,000	\$ 77,828,200	\$ 18,583,100	\$ 360,981,400	\$ 7,972,400	\$ 6,165,950
" 11...	352,413,500	76,032,800	18,091,200	360,174,000	7,931,900	4,080,500
" 18...	348,693,700	74,386,000	18,062,600	353,761,600	7,914,100	4,008,200
" 24...	343,484,100	77,303,000	17,847,300	351,672,400	7,903,000	7,232,200
" 31...	343,687,500	82,718,100	19,370,400	359,268,600	7,911,500	12,271,350

The Boston bank statement is as follows:

1886.	<i>Loans.</i>	<i>Specie.</i>	<i>Legal Tenders.</i>	<i>Deposits.</i>	<i>Circulation.</i>
Dec. 4.....	\$144,724,600	\$10,623,500	\$3,176,700	\$110,468,100	\$13,665,100
" 11.....	146,107,600	10,453,200	3,508,200	111,566,700	13,257,800
" 18.....	146,836,500	10,712,600	3,610,000	110,534,500	13,183,300
" 24.....	144,020,100	10,245,600	3,282,100	106,632,800	13,109,500

The Clearing-house exhibit of the Philadelphia banks is as annexed:

1886.	<i>Loans.</i>	<i>Reserves.</i>	<i>Deposits.</i>	<i>Circulation.</i>
Dec. 4.....	\$87,338,400	\$24,135,400	\$86,608,400	\$4,031,750
" 11.....	87,780,900	22,906,600	85,782,700	4,029,750
" 18.....	87,888,100	21,795,200	84,642,700	4,023,750
" 24.....	86,578,700	21,478,400	83,230,200	4,030,750

DEATHS.

ARNOT.—On November 20, aged fifty-five years, JOHN ARNOT, Jr., Cashier of Chemung Canal Bank, Elmira, N. Y.

CARR.—On November 1, aged thirty-four years, STEPHEN B. CARR, Cashier of Peoples Savings Bank, Lansing, Mich.

GREENLEAF.—On December 9, aged fifty-two years, GEO. H. GREENLEAF, President of Laclede County Bank, Lebanon, Mo.

HERRICK.—On November 14, aged seventy-two years, CHAS. HERRICK, Vice-President of Union National Bank, Racine, Wis.

HOYLE.—On November 8, aged sixty-four years, TIMOTHY HOYLE, President of First National Bank, Champlain, N. Y.

MATTHEWS.—On November 9, aged seventy-two years, WILLIAM MATTHEWS, Vice-President of Seventh National Bank, Philadelphia, Pa.

NEWTON.—On November 16, aged forty-two years, G. R. NEWTON, Cashier of City National Bank, Fort Worth, Texas.

ODELL.—On December 28, aged sixty-six years, ISAAC ODELL, formerly President of the Irving and Mercantile National Banks, New York City, N. Y.

SIMONS.—On December 10, aged fifty-three years, OSCAR A. SIMONS, President of First National Bank, Fort Wayne, Ind.

SPRIGG.—On December 23, aged sixty-five years, JOSEPH A. SPRIGG, President of First National Bank, Baltimore, Md.

VOIGHT.—On December 26, aged forty-nine years, ADOLPH VOIGHT, Cashier of Wilkes Barre Deposit and Savings Bank, Wilkes Barre, Pa.

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No. 8.

THE BANK CIRCULATION.

The question of bank circulation is vexing the minds of many persons at the present time. Like many others, who are not content with existing troubles, they are concerned about a matter of no vital interest whatever. The modes of providing a future circulation are daily multiplying, yet doubtless these are only the foretaste of the coming deluge. We recall that during the dark age of the suspension of specie payments every man had his plan for resuming them, from the crank of one feather to the full-fledged and venerable financier. Doubtless the story will be repeated with respect to future bank circulation. We are all imaginative in some way or other, either in writing stories or getting up financial schemes, or constitution-making, or the like. In this number of the magazine we have set forth some of these plans, and we shall endeavor to do the same thing with other plans that may appear in the future. For, by and by, there will be a question, and then we may turn to the present speculations on the subject and possibly get some hint or idea or plan that may prove useful.

If anything be plain in this world it seems to us it is this: that there is no living question concerning a bank circulation so long as the coinage of silver dollars is continued. We are making an annual addition to our currency of fifty millions, and so long as we are doing this, there is no need of a further addition by the issue of any kind of paper money. Depreciated in value as silver money is compared with the market value of silver, its value would be still less if any considerable amount of paper money

were injected into the swollen stream of circulation. This then is the reason why the question of a bank circulation does not exist, because we have enough circulation from existing sources. If the coinage of silver dollars should stop, then, indeed, this question would become vital. Of course, the payment of the National debt involves the retirement of the National bank circulation to some extent, but after all, we are more than making the void good in other ways. Therefore, we repeat, that the supply of money is quite enough for existing and future wants, and so long as this is the case, no one need trouble himself much about the matter.

One fact, of much importance, but which is sunk quite below sight, is, that people want something wherewith to pay debts, and this they now have in great abundance in the form of bank deposits. The last report of the Comptroller of the Currency shows that the individual deposits of the 2,852 National banks on the 7th of October last were \$1,172,968,308, while the year before, for 2,732 banks, the amount was \$1,111,429,914. It will be seen, therefore, that notwithstanding the great fear of drying up our paper money, there has been a very considerable increase of individual deposits during the year. The explanation is simple enough and has been often given in our pages and elsewhere. By creating new banks more money is deposited than was done frequently. It performs a more rapid service and this shows itself in the increased deposits and will continue to do so even if a very considerable diminution in the supply of paper money occurs.

Suppose we add to these figures the savings funds deposits last year, which are found on page 156 of the Comptroller's report. This amount is \$1,140,530,578. Add to these figures also the deposits of the State banks and trust companies for 1886. The deposits of 891 banks, as given by the Comptroller, amount to \$556,946,182. The figures of the State banks and trust companies are not altogether correct, because in many cases no returns to the State authorities are required by law, and, of course, no requirements of a National character exist, but if a complete return could be made it is quite probable that the amount would be considerably greater. There is a large amount of deposits in the possession of private bankers of which no returns can be ascertained. Putting these figures together the country has an enormous fund from which to pay its debts, and in view of this fact how puerile is the talk concerning the effect of the withdrawal of one or two hundred millions of paper money in weakening the ability of the people to discharge their obligations.

Whenever a time comes for providing a mode of increasing the monetary circulation of the country, why should not this be done by using silver at its honest market valuation, instead of using paper having no valuation and dependant wholly upon the faith and ability of

the issuer? We maintain that so long as the coinage of silver is continued there is no live question of future circulation before us, but whenever that coinage shall have stopped, then it may be seriously asked whether it is not preferable to have a monetary circulation of gold and silver or certificates as representative of them and at a fair valuation than paper issues of any kind. In the meantime, so long as this huge volume of deposits exists from which payments are made, and so long as we see this mountain increase, let us have no fears of the consequences of drying up the paper circulation, whether this consists of legal tender notes or bank notes or any other. When the withdrawal becomes so marked as to affect the deposits, in other words, to reduce their quantity, then the question of the circulation will become important to consider and not before.

BANKING AND COMMERCIAL EDUCATION.

Elsewhere in the present number will be found a very interesting article concerning the need of providing a better commercial education for those who intend to engage in commercial pursuits. This is a subject over which we have thought much, and the growing importance of which we rejoice to see recognized. The wonderful prosperity which has spread itself over our country during the last hundred years has lead many to believe that not much besides pluck, good sense and a little knowledge of arithmetic are needful to the highest success in commercial pursuits. Many a man worth millions, and hardly able to write his name, when asked for advice on this subject, says to the young man before him, "Go and do as I have done and you will make a fortune." Now the truth is, that if that young man went and did like his adviser, the probability is, in the entirely different situation of things to-day, the young man's fortune would be very much nearer one cent than one million, not to mention or even hint at an uncomfortable and unwelcome place where he might finally appear. It is true that great accidental fortunes may be made in the future as in the past, but these will probably be much less numerous than they have been. The earth is full of surprises for us, and some lucky miner, who is earning his two dollars a day or less, may strike a gold or silver vein and become a Mackey, but on top of the earth in the sunlight of heaven, the chances are growing beautifully less of making great wealth save by diligent application to business, and by pursuing the most intelligent methods. Competition has become wonderfully keen. Everyone is on the alert. A very high degree of skill has been introduced into every kind of business

and to succeed amid all this energy, ability, and fertility of resource, it is needful for a man to enter his pursuit to-day as full-fledged and equipped mentally as possible; energy, tact and a little knowledge of arithmetic are not enough. Nor will simply going into a counting-room and learning the business, while indispensable, complete a business man's education. There is a training of the mind needful, and a knowledge of business in its best and largest sense; its relation to every other, and a multitude of other considerations of that kind which can not be learned in a counting-room, or not as a whole nor so fully as they can be and should be outside.

Numerous examples might be given, but a single one will suffice. A woolen manufacturer goes into a commission store to buy wool. He is shown a sample, and the old-fashioned way was to handle it carefully, judge with the eye of the length and strength of the fiber, its fineness or coarseness; its probable shrinkage from cleansing, and after a few considerations of this kind, to determine its price. Now, the way pursued by the most intelligent manufacturers is, instead of making this cursory examination, to submit the sample to a microscopist and let him apply scientific tests to determine these matters. It will be readily seen that the manufacturer in the second case is buying in a much more intelligent manner than in the other. Ofttimes in the old way the wool in cleaning would shrink very much more than it was supposed it would, and a positive loss ensue; or the fiber might be weaker, or some unforeseen result arise, but by the other mode of testing, everything is settled, and there is no avenue for surprise to the manufacturer; hence, he pursues manufacturing with a degree of certainty of which the old-fashioned guess-manufacturer was wholly ignorant. We might give numberless examples from many kinds of business of the same general nature, and show the advantage of pursuing systematic methods, but this one will suffice.

Hitherto, this higher commercial education has hardly found a place anywhere in this country, with but few exceptions. The technological schools are doing a great deal for the manufacturer. Very recently the colleges have begun to do something in the way of training men for railroad management, but they seem to be very shy of extending their educational facilities in the general direction above mentioned. The institutions known as commercial colleges have never attempted anything of the kind, but have stopped short with bookkeeping, arithmetic and a few of the simple studies. There is therefore this broad ground of higher business education still to be covered somewhere. In Europe, as the article above-mentioned shows, schools of this character exist—in France, Belgium, Germany, and one lately has been established in Liverpool. Something has been done in this direction in the University of Pennsylvania, but, as before said, we have attempted but little thus far

in this direction. The field is a very important one and richly deserves careful cultivation. On another occasion we shall have something further to say concerning the scope and direction of the studies pursued in these foreign institutions.

THE WORK OF CONGRESS.

About a month remains for Congress to complete their labors. With respect to financial questions the two leading ones have been the reduction of the surplus and the questions of a paper circulation. Elsewhere we have considered the latter. A word or two may be said concerning the other. If the National funded indebtedness were all due to-day, or rather could be discharged without the payment of a premium, we think not much would be said concerning the reduction of the surplus, for taxation has become so adjusted that it would be difficult to show how anyone suffers much from the burden, and it certainly would be difficult to show if the taxes were removed to the extent of fifty or sixty millions that the country at large would be helped in the slightest degree. For, again and again, the effect of reducing taxation has been to give the foreign producer an additional advantage and a larger profit to the middle man or some other class less deserving of it. We venture to say that a reduction of the taxes proposed would not be very helpful to the consumer in any part of the country. While we do not pretend to say that there would a gain to no class, it is equally clear to us that the consumer, for whose benefit a reduction is principally desired, would not be helped in the least. Therefore, on this ground a reduction of taxation if made would be delusive.

Now, supposing that all the National debt was payable to-day, would not the general opinion of the people favor a continuance of the present policy? The reason, therefore, so far as it exists for reducing taxation, is that as the amount of the debt is not immediately payable, and can be obtained only by paying a large premium, this is an unjustifiable policy for the Government to pursue. We shall simply add a word on this question. If we do not pay the debt and continue it, then the interest must be paid until the debt itself becomes payable and is discharged. The interest account would be very much larger than the premium account if the Government decided to abandon the present policy. Therefore, it follows, that it is cheaper to pay the premium account than to pay the interest account. Since then, the present policy is cheaper than the other, since we must pay either premium or interest, why not pay the premium and thus discharge the indebtedness at the earliest date?

One other thought is worth mentioning. National taxation to-day is a light matter with us. It may not always be so. In competing with surrounding nations in the coming years we shall certainly have the advantage if our burdens be fewer than theirs. By paying our debt we are preparing the way for a better commercial future. This applies to all kinds of indebtedness, National, State and municipal. So far as we can go in the way of discharging these obligations without impeding our present prosperity, we should not hesitate to move. It is clear, as has been again and again said, that the National taxation is a very small burden to us. But this may not always be, therefore let us pay the debt and thus prepare the field more perfectly for successful competition with other nations.

STATE BANK NOTE ISSUES.

The late annual report of Mr. Paine, the Bank Superintendent of this State, is, like all his previous reports, full of interesting information and of carefully considered recommendations. In this last report he has made one suggestion, however, which has called out an expression of opposing views from many quarters. It is that of giving to the State banks the power of issuing circulating notes under certain conditions, being in the main the same as those under which the National bank circulation is now issued. The proposed notes are to be furnished to the State banks by the Treasury, and to be authenticated by the Government seal, and none are to be so furnished except upon the deposit in the Treasury of securities for their redemption. The list of admissible securities is not to be limited to Government bonds, but may include the bonds of any State which has not made default within ten years in the payment of the principal or interest of its obligations, and also the bonds of any city, county, town, or village, the issue of which is made pursuant to law, and whose indebtedness does not exceed some prescribed per centage of the assessed valuation of their real estate.

Of the criticisms upon this part of the bank Superintendent's report, some assume that it is only the bonds of the Government which are a suitable basis for circulating notes; while others assume, that whether any other securities are suitable or not, no law prescribing other securities can ever command the necessary majorities in Congress. We are not prepared to admit that either criticism is conclusive. On the contrary, we believe that if the final judgment of the country shall be that a bank circulation is desirable and important, the country, and Congress as representing the country,

could be persuaded to accept as sufficient securities for such circulation, the bonds of solvent States, counties and cities, or even the first mortgage bonds of railroads, provided always that such bonds were clearly less in amount than the value and earning power of those properties.

Mr. Paine's report seems to be more fairly liable to the criticism, that if other securities than Government bonds are accepted as a basis for note circulation, the National banks, now numbering nearly three thousand, can easily furnish all the circulation which is required, within the limitations of volume necessary in order to maintain a constant and assured convertibility into coin. The State banks are not under the control of Congress, nor can they place themselves under such a control without the permission of the States, which it would be difficult, if not impossible to obtain. The present difficulty arises, not from any deficiency in either the numbers or wealth of the National banks, but from the fact, that no other basis is now allowed for note circulation except Government bonds, and that those bonds, from diminishing quantity and other circumstances, are so high-priced that they cannot be profitably availed of. If the permitted basis of circulation was sufficiently enlarged, the difficulty would be entirely removed, and there would be no occasion for calling upon the State banks to take part in furnishing currency.

Permitting the Treasury Department to furnish to the State banks specified amounts of notes for circulation, on the condition of proper security for them being held by that department, is a very different thing from repealing the annual excise tax of 10 per centum, imposed upon State bank notes by an Act of Congress passed on the 3d of March, 1865. Such a repeal would be opening the gates for a flood of wild-cat bank notes, and is not to be thought of for a single moment. It never was anything but a usurpation of the constitutional powers of Congress, for the States to create money, which all circulating bank notes practically are. We have suffered too much from the tampering of the States with the currency of the country, ever to go back to the old State bank note issuing system. Public opinion is fixed and can never under any circumstances be changed, that no money shall be tolerated except such as is National in its authorization, and also, in the case of paper money, National in the regulation of its quantity. The uniform value of paper money in every part of the country is another point which will in no event be yielded, and it can never be secured except by a National guarantee of its redemption in coin, or by the pledge of the Government to receive it in at least great branches of the public revenue, if not in all of them.

FINANCIAL FACTS AND OPINIONS.

The number of cotton spindles in India on the 30th of June, 1886, was 2,261,561, and had increased from 1,100,112 on the 30th of June, 1876. The *Times* of India estimates that the capital of these mills, in June last, was 1,100 lakhs of rupees, being equal in gold value to eight and one-quarter millions sterling, or about \$40,000,000. Of this capital $\frac{1}{11}$ was contributed by shareholders and $\frac{10}{11}$ was obtained by loans. The operatives numbered 74,455 and the raw cotton consumed was 2,251,214 cwts. This was a consumption of $111\frac{1}{2}$ pounds per spindle, whereas the average consumption in England is estimated at only 31 pounds per spindle. The India mills as yet turn out only the coarser and heavier cotton cloths, but mills are now being constructed to turn out the finer kinds. The large increase of spindles within ten years has been made in the face of the unrestricted competition of the British cotton manufacturers, under whose influence the British Government coerced India four or five years ago to repeal a very small import duty, only five per cent., which it formerly imposed upon cotton cloths. When Indian and English interests clash, it is always the Indian interests which go to the wall. But in spite of unchecked British competition, Indian cotton mills continue to multiply. The impediment to their growth is not the lack of labor, which is superabundant, but the lack of capital, although some of that is supplied by Englishmen. There is no lack of a home market, as all the finer cotton cloths and a large portion of the coarser cloths used in India are still imported from England.

During the first six months (ending September 30,) of the current fiscal Indian year, the importations by India of cotton goods, principally fine goods, but including a small quantity of yarns and twists, were of the value of 111,460,000 silver rupees, worth at the coining rate at our mints \$55,730,000. Nearly the whole of these importations were from Great Britain.

The conversion by Holland of its 4 per cent. debts, into $3\frac{1}{2}$ per cents., was completed in July last. The 4 per cents. were paid off at par, while the $3\frac{1}{2}$ per cents. were disposed of at 98, so that the cost of the operation will be reimbursed in four years by the saving of interest. The general practice of European Governments is not to divest themselves of the power of paying off their stocks at any time at par. Money lenders are not restrained by that circumstance from purchasing them, inasmuch as it is also the general practice of those Governments to fix such a rate of interest

on their stocks that they are issued in the first instance at prices below par, so that the constant liability to be paid off at par has no terrors for the holders.

In the recent Dutch case, the holders of the 4 per cents. were allowed the option of being paid off in cash at par, or of accepting $3\frac{1}{2}$ per cents. at 98. Possibly, the Government might, if so inclined, have driven a better bargain with them. But if it is assumed that the Government did the best it could, it is because its credit and the condition of European money markets did not admit of borrowing at a less rate of interest than $3\frac{1}{2}$ per cent., nor even at that rate, except by selling stock at two per cent. discount and probably paying some commissions besides.

The Danish Government is now converting 4s into $3\frac{1}{2}$ s, on the slightly better terms of selling the $3\frac{1}{2}$ s at 98½.

There is now no National credit which will command money at rates nearly as low as it can be obtained on the credit of the United States. Even the English Government, which has made more than one attempt to convert 3 per cent. consols into $2\frac{1}{2}$ per cents., has as yet met with substantially no success. But it is not to be forgotten that the rise in the prices of our Government securities within the last half dozen years, is due in only a small degree to any increased confidence in their soundness. It has arisen partly in the fall in the current rates of interest, and partly in the reduction by nearly one-half in the amount of our outstanding Government bonds, while the numbers and wealth of the classes who have reasons for desiring to possess them have been all the time increasing. If our Government debt should be further reduced to five hundred million dollars, it could doubtless be floated in short securities, say on one or two years, at as low a rate of interest as one per cent. per annum.

The prices of fresh meat in London are now, on the average of the prices of beef, mutton and pork, lower by 25 per cent. than they were January 1, 1879, which was the lowest point of the general depression of prices from 1873 to 1879. From January 1, 1881, which was about the culminating point of the temporary reaction of prices which followed the depression of 1873-9, the average fall in the London prices of meat was of course greater and had reached at the end of last November the very high figure of 38 per cent.

The fall in the carcase prices of different kinds and qualities of meat, as given in the *London Economist* of November 27, 1886, was as follows.

	Percentage of fall from 1879.	Percentage of fall from 1881.
Inferior beef.....	43	52
Prime beef.....	18	26
Middling mutton.....	27	47
Prime mutton.....	13	26
Large pork.....	22	38

The total importations of fresh meat into the United Kingdom have been as follows during the last five calendar years :

	Cwts.
1881	1,388,000
1882	1,209,000
1883	1,648,000
1884	1,828,000
1885	2,000,500

It was a common idea in Great Britain, when wheat first began to fall, that British farmers might take refuge in the business of producing fresh meat, so that the necessity of lowering rents might be avoided. That expectation has, however, failed. The fall in fresh meats has been quite as great as in wheat from various causes, and especially from improvements in refrigeration on shipboard, and the use of such improvements is constantly being extended.

The increased export of wheat from India is fully stated and discussed in the *London Economist* of November 27, which says:

As to the fact that the wheat trade has been greatly stimulated by the fall in silver, there is practically no dispute.

The stimulation of a premium upon gold is, of course, felt not merely in wheat, but equally in cotton and in everything else which India can produce and sell in gold standard countries, and it is probable that English statesmen are even better pleased by the stimulated exports of Indian cotton than by the stimulated exports of Indian wheat. The latter comes into competition with the wheat of Australia and Canada, but the British have no dependency unless they reckon Egypt as such, which produces cotton, and they have never concealed their desire to be relieved of the necessity of looking mainly to the United States for an article absolutely indispensable to their principal manufacturing industry.

The same conditions of the relative values of gold and silver, which give an impetus to the shipments of Indian produce to gold standard countries, embarrass shipments from such countries to India. The shipment of British goods to India being very large, there is an influential interest at work all the time in England, to restore the old relations of value between the two metals, and it is this interest which is urging British co-operation in bi-metallic plans. This interest cannot be gratified without depriving the export trade of India of a stimulus which it now enjoys. The present development of Indian exports is important to England in many ways, but it cannot be continued, so far as it depends upon the relative values of gold and silver, without impeding British exports to India. It is this conflict of opposing interests which increases the uncertainty of English action in reference to all questions connected with the "battle of the standards."

The fresh beef imported into Great Britain during the first ten months of 1886, came almost wholly from this country. The total importation was 685,697 cwts., of which 650,947 cwts. was from the United States. Of the total British importation during the same time of 530,613 cwts. of fresh mutton, 322,335 cwts. were from Australia. Of the total British importations of 1,329,728 cwts. of butter, only 37,031 cwts. came from this country, the importations from Holland and Denmark being respectively 330,374 and 349,359 cwts. Of the total British importation of 1,479,464 cwts. of cheese, 764,927 cwts., or rather more than one-half, came from this country.

The strained condition of European finances is shown by the favor with which Spanish politicians have received the proposal to supply deficiencies in the Spanish budget by selling such landed interests as still remain public property. These interests consist of the State forests and of a certain extent of ownership in the local communal lands. What Spain proposes to do when it has borrowed all it can on its credit, and has parted with everything salable, does not distinctly appear.

The prices of wheat in England, which indicate the prices of all the wheat which enters into the commerce of the world, have fallen about one-third within four years. The London *Economist* of July 31, 1886, gave the following comparison of the average price of wheat per imperial quarter in the markets of Great Britain during the last week in July for five successive years:

Last week in July.	Price per quarter in sterling money.	
	Shillings.	Pence.
1882.....	50	....
1883.....	41	I
1884.....	37	I
1885.....	33	II
1886.....	31	3

The price has rallied somewhat since last July.

A difference in the amount of taxes actually collected from the holders of bonds, railroad stocks, etc., in this country, as compared with European countries and especially with Great Britain, is one of the circumstances which determines to what extent American bonds and stocks are likely to be held abroad. In Great Britain, the income of foreign securities is by law subjected to the British income tax, which is now sixpence in the pound, or $2\frac{1}{2}$ per cent., and may go higher than that if the pressure upon British finances becomes more severe. The British officials have no such means of thoroughly collecting a tax of that kind as they have in the case of their own home securities, such as consols for example, where the Bank of England, which pays the dividends, collects the tax

at the time of payment. Nevertheless, the returns of the revenue from the British tax on incomes from foreign securities, show the collection of considerable sums from that source. The tax cannot be easily avoided where the dividends pass through the hands of British bankers. In this country there is no National income tax, and it is generally true that bonds and stocks escape local taxation. In this city, it is understood that they substantially escape it altogether.

The purchases of silver in the London market by the French Government, amounted in October last to 3,261,800 francs, and were still larger in the United States, according to the Paris correspondence of the London *Economist*. This silver is coined into dollars, or "piastres" as the French call them, slightly heavier than the Mexican dollars. This coinage was commenced at the French mints about ten years ago, for use in the French possessions in Cochin China, but remained small until France annexed Tonquin. Of course, the mere substitution of French for Mexican or other silver coins, does not tend to increase the amount of that metal in monetary use in Tonquin. That can only be accomplished, if it shall turn out that the French control of Tonquin increases its industries, trade, and general well-being, and promotes the habit of substituting money for barter.

It was supposed by some persons, that it would raise the price of silver in this country, if American trade dollars could be made to take the place of Mexican dollars in China. But the price of silver here cannot be raised, unless in correspondence with a rise of it everywhere. American trade dollars might drive Mexican silver dollars out of China, but not out of existence. The latter would in that case have gone to London, India, or elsewhere, and wherever they went, would have exerted the same power of keeping down the price of silver that they had previously exerted when sent to China. If the American trade dollar had superior attractions for the Chinese, it could have overcome the competition of the Mexican dollar in China, but only to cause it to reappear as a competitor in some other place or places. The only way to end the competition of Mexican silver with our own, is to close the Mexican silver mines, and that is something which we have not the power to do even if we had the inclination. And if China is to do anything towards raising the value of silver, it will be by using more of it, either in manufactures or as money, and not by substituting silver dollars of the United States for silver dollars of Mexico.

The low prices of agricultural products are naturally a prominent topic of attention and comment. According to tables published by the Bureau of Statistics, the prices of certain farming products in

the ports of this country from which they are exported, have fallen since 1855, as follows: corn, from 89 to 50 cents; wheat, from \$1.66 to 87 cents; flour, per barrel, from \$9.04 to \$4.70; lard, per pound, from 8.4 to 6.9 cents; salted pork, from 7.3 to 5.9 cents; salted beef, from 8.8 to 6 cents, and many other articles in a similar ratio.

A city contemporary, the *Times*, of December 11, commenting upon this fall in what farmers have to sell, affirms that they are also suffering from an "enhancement in cost" of many things which they must buy, such as "clothing and its material, blankets, and implements in which iron, steel and leather are used." This "enhancement in cost" is purely imaginary, as everybody knows that all the things which the *Times* supposes to have been "enhanced in price," are cheaper than ever before, and have fallen since 1855, nearly if not quite as much as the things which farmers produce for sale. And while it is not admitted by everybody, it is admitted by the great majority of intelligent and disinterested persons, that what has caused the fall in the prices of clothing and of everything made of iron and steel, has been the system of protective duties which has stimulated home productions and saved the country from the tricks and extortions of foreign manufacturers.

The *Times* is more nearly right in saying that farmers find it more difficult than it formerly was to "scrape together enough money for their annual taxes," and that those of them who are under mortgages find it more difficult to pay the interest on them, or to lessen their amount. This must be the inevitable consequence of the low prices of farmers' products to which the *Times* refers.

Who pays the duties at the custom houses? On that point, a city contemporary, the *Tribune* of December 12, observes that "foreigners actually pay most of the duties now imposed in order to get the privilege of selling here," and this has been found by experience to be true even in the case of articles such as tea and coffee, not produced at all in this country. It was this view of the case which induced Bismarck to say not a long time ago that he was a "passionate imposer of taxes on the frontiers." He acts upon the idea that the markets of Germany belong to Germans, and not to outsiders, and that if foreigners get the privilege of selling in them, they must pay for it.

The average net income of Pennsylvania real estate of all kinds, city and rural, is said not to exceed $2\frac{1}{2}$ per cent. annually, after deducting taxes, and after deducting also the repairs and insurance on buildings. This was the estimate made by the Auditor General of that State, in a speech made at Harrisburgh on the 14th of December, who must have given a good deal of attention officially to the subject. It is not probable that the net income of real

estate is higher in the country as a whole, and certainly it is not higher in the old States, than it is in Pennsylvania which is among the most flourishing of them. If it is not underrated there by the Auditor General, it is as low as the net income obtainable by purchasers at present prices of Government bonds, on which no taxes of any kind, National, State, county, or municipal, can be imposed.

More than half of our gold coinage since November, 1885, has consisted of half-eagles and quarter-eagles, which are a very unacceptable currency, except possibly in the Pacific States, and even there they are becoming less acceptable every year. The cost of coining them, which is borne wholly by the Government, that is to say, by the tax-payers, is a larger percentage of their value, than it is in the case of eagles and double eagles. That would not be a serious objection if the public preferred them as a currency, which they clearly do not. By most persons they are taken with reluctance, from their liability to being lost and being paid away by mistake for coins of much less value. For money of the denominations of \$5 and less, silver, greenbacks, National bank notes, and coin certificates, are what the people want.

The tendency of opinion and legislation in Europe is to confine the use of gold to the larger denominations, and the considerations which have created that tendency there, are equally applicable in this country.

The census of Algeria just completed fixes the number of Arabs at 3,273,914, and of Europeans at 435,662, of whom 225,662 or only a little over one-half are French. Of the European races, the Spaniards are, next to the French, the most numerous, and in Oran, one of the Algerian provinces, they actually outnumber the French. It is nearly fifty-seven years since France effected the conquest of Algeria, and its possession has been during this generation substantially quiet and without any serious outbreaks. That the French colonization of that great possession, which has abundant natural resources and is within an easy distance of France, has been so slow, is a striking illustration of the indisposition of Frenchmen to go away from home. The fact has a tendency to prove that the general condition of the French at home is not one of extreme hardship. That it is better than it is in neighboring European countries, is proved by the German, Belgian and Italian immigration into France, which is large enough to provoke opposition on the part of the French laboring classes.

The pressure of European public debts upon European industries, in contrast with the steady reduction of our National debt, is beginning to be realized. The Rome correspondent of the London

Times of October 19, 1886, after describing the burdens thrown upon Europe by "by disastrous military emulation and the scarcely less disastrous periodical outbreaks of war," proceeds to say:

The great American State, discharged of all these consequences, and with its resources unincumbered, is slowly coming into a position which by its irresistible competition, will one day render bankrupt European industry. When the Americans have paid off the National debt, the workmen will be able to live more cheaply in the United States than in any European country, and the economy of production in America will be such that no European industry will be able to compete with it in the world's markets. Repudiation and general bankruptcy of individuals as well as States must follow. It is the inexorable *finale* of all the arming by land and sea, new guns every year and new loans to pay for them.

We published three or four years ago observations to the same effect, made in the British House of Commons by Sir John Lubbock, that in the presence of the apparent determination of the United States to pay off its debt, England would be disabled from maintaining an industrial and commercial competition with this country, without reducing its own debt. There can be no question that Europe is watching with the intensest interest and anxiety the progress made here in discharging National obligations. Their financial organs with one accord advise us not to persevere in it, and for the best reasons from their point of view. They know that the spectacle of freedom from debt in this country, in contrast with their own condition, will attract to this side of the Atlantic not merely the labor, but the merchants, manufacturers and capital of Europe.

The imports of silver into Great Britain during the first eleven months of 1886, was £6,745,064 in gold value, as compared with £8,568,255 during the corresponding months of 1885. The falling off in British receipts of silver was £1,823,191, of which £942,460, or rather more than one-half, is accounted for by the falling off in the receipts from the United States. There has been no decline in the production of silver in this country, but more of the product has been purchased for coinage in consequence of the fall in its price.

Receiving less silver in 1886 than in 1885, Great Britain had of course less silver which it could ship to India, which is a market always ready to receive all that can come from any quarter. The British shipment of silver to India during the first eleven months of 1886 was in gold value £4,525,627, as compared with £6,664,485 during the corresponding months of 1885.

The fall in agricultural rents in Germany is reported to average as much as one-third, and to be quite as great as it is in England. There is no reason why it should not be as great, inasmuch

as the fall in the prices of agricultural crops is as severe throughout the continent of Europe as it is in the British Islands.

From Scotland, it is reported that while the average reduction of rents has been only 25 per cent., the fall in the prices of oats and cattle, which are the principal salable productions of the Scotch farmers, has been 55 per cent., and that they must abandon their lands unless they can obtain a further reduction of rents. It is said that many of them are already migrating, and some of them to England, where the conditions are hard enough, but not quite so bad as they are in Scotland.

The commission appointed to inquire into the rack-renting of the Scotch crofters, which has been the subject of special complaint, has reported a new scale of rents, averaging 32 per cent. lower than the rents heretofore exacted. This report naturally stimulates an agitation in favor of a commission to enforce a compulsory reduction of rents in England.

The exports of cotton from the United States during the three months ending November 30, 1886, being the first three months of the current cotton year were 706,257,729 pounds, officially valued at the custom houses at \$66,821,096, as compared with an export during the corresponding months in 1885 of 686,545,928 pounds, valued at \$69,532,663. The larger quantity exported in 1886 was valued at less money than the smaller quantity exported in 1885.

On the 24th of December, 1886, the price per pound of Middling Upland cotton was $\frac{1}{8}$ of a penny lower in Liverpool than on the 24th of December, 1885, and one cent lower in New York.

The failures in the United States during the year 1886, numbered 9,834, the aggregate liability involved being 114 million dollars, as compared with 10,637 failures, involving 124 million dollars of liabilities, during the year 1885. Comparing the two years, there was therefore a considerable improvement in 1886. But the last quarter of 1886 shows 2,746 failures, with aggregate liabilities of 37 million dollars, as compared with 2,560 failures, with aggregate liabilities of 25 million dollars, during the last quarter of 1885. This last comparison is an unfavorable one, and many trade journals regard it as made still more unfavorable by the total unexpectedness of many of the failures in the last quarter of 1886, which tends to excite the fear that there may still remain a good deal of unsuspected mercantile and financial rottenness. But it may be that the increased number of failures near the end of 1885, is sufficiently explained by the spasms of severe monetary stringency which marked the close of last year.

The reduction of the net public debt during the month of December was \$9,358.20, which makes the total reduction during the

first half of the current fiscal year about forty-seven million dollars. This is a good deal short of the \$120,000,000 of annual surplus, which is in many quarters imagined to exist, but it is undoubtedly a large surplus. It would, however, very little exceed what is imperatively required by the pledges of the sinking fund, if the revenue was not swollen by enormous importations. The custom house collections were greater by \$12,000,000 during the last half of 1886 than during the last half of 1885. With the reduced money valuations of our exports, it would seem to be impossible that the present abnormal tariff revenue can hold up much longer.

The average price of Government bonds during last December, was 128.17 for the 4s and 110.37 for the 4½s, taking as the basis of calculation the daily sales at the New York Stock Exchange. The purchasers paid in addition the amount of the accrued interest. On these prices, according to the calculations of Mr. Elliott, the Government Actuary, investors received on the money paid an annual return of 2.30 per cent. on the 4s, and of 2.01 per cent. on the 4½s. The semi-panic and high rates for money in Wall street during a part of December, do not seem to have in any degree lowered the price of either Government bonds, or of other permanent securities generally regarded as sound.

That part of the debt of Maine, in respect to which the constitution had provided a sinking fund, will be fully paid off by the 1st of January, 1889, at which time the other indebtedness will be \$2,800,000, which the Governor recommends to be funded on 30 years, with a sinking fund sufficient to provide for its payment at the end of that time. He assumes, and without doubt correctly, that the State can borrow money on 30 years at a rate of interest at least as low as 3 per cent. per annum. No State enjoys, or deserves a higher credit, but it will be extraordinary if it shall extend over a generation, a debt which it could pay in ten years with entire ease. If it does so, it runs the risk that the value, or purchasing power of money may increase hereafter, as it certainly has been increasing during recent years. It will also fail to secure as early as it might without any sensible sacrifice, the advantage of freedom from debt, which would tend to invite an influx of people and capital which its natural resources are so well calculated to attract. There are classes of persons who desire that sound State bonds, such as those of Maine, should exist in the greatest possible abundance and on the longest possible time, but the interests of tax-payers certainly do not lie in that direction.

The proposed method of a sinking fund is in itself clumsy and otherwise objectionable, even if it shall accord with the opinion of the State that its small remaining debt shall be spread over a

period of time which is very long, and during which very unexpected and disastrous events may occur. The simpler and wiser method would be to make it payable in annual instalments, like the loan of \$10,000,000 made a few years ago by the city of Philadelphia, reimbursable in 25 annual payments of \$400,000 each.

The Sacramento *Record-Union* of January 1, gives an interesting account of the beet sugar industry in California. It seems to have been undertaken fifteen or twenty years ago, the first attempts proving financial failures, from lack of experience and imperfect machinery, as is not unusual in the commencement of new enterprises. But for eight successive years, a beet sugar factory in Alameda county has been profitably worked, and its buildings and machinery have been steadily enlarged until they now have a capacity of handling daily from 80 to 100 tons of beets. The success has been such that representatives of the company visited Europe for the purpose of studying the sugar beet establishments there, and it has now been determined to enlarge the works to a capacity of handling 300 tons of beets daily, and to adopt such improvements in processes and methods as, in the opinion of the proprietary, will enable them to deliver daily in San Francisco, thirty tons of refined sugar at a cost inside of three and one-half cents per pound. A production of fifteen tons of beets is considered a low average in California. The *Record-Union* claims for that State great climatic advantages over Europe, of which the chief seems to be, that beets can be harvested fresh from the field during a period of four months after they arrive at maturity, whereas in Europe, they must be stored in silos within a few weeks after they become ripe. In California, as everywhere else, beets rotate advantageously with other crops, and the refuse of the beets after the sugar is extracted is a valuable addition to the list of foods for animals.

The net import of gold into this country during the year 1886 was a trifle short of half a million dollars. The inflow during the last half of the year was only a little more than the outflow during the first half. The domestic production of that metal during the year was \$29,000,000, so that the total addition to our gold money, after deducting consumption in the arts, may be stated in round numbers at twenty million dollars. The coinage of silver dollars during the year may be stated at thirty millions, thus making a total addition of \$50,000,000 to our metallic money. This is twice the amount of the diminution of bank notes outstanding, but is less than that diminution and the increased lock up of lawful money for the redemption of bank notes.

THE RELATIONS BETWEEN BANKS AND THEIR DEPOSITORS.*

Turning now to cases involving the principles of set-off, a depositor may apply his deposit on whatever account he may have at a bank. "The general rule is," said Bayley, J., (*Simson v Ingham*, 2 Barn. & Cr., p. 72,) that the party who pays money has a right to apply that payment as he thinks fit. If there are several debts due from him, he has a right to say to which of those debts the payment shall be applied. If he does not make a specific application at the time of payment, then the right of application generally devolves on the party who receives the money. But it is equally certain that a particular mode of dealing, and more especially any stipulation between the parties may entirely vary the case," (Denman, C. J., in *Henniker v. Wigg*, 4 Adolph & Ellis, 793,) for example, the giving of a bond to a bank to secure future payment, and which is intended as a continuing security.

Debts cannot be set-off unless they are between the same parties and are in the same right. In the following case is a recent application of this principle: A debtor bank on a note gave the holder a check on another bank. The bank on which it was drawn having failed before its payment, the holder sued the debtor bank on the note. It claimed that a sum which was due from the holder to the failed bank ought to be set-off against the note, but the court thought otherwise. "It is difficult to see," said Murcur, Ch. J., "on what principle the application of this sum can thus be enforced. The general rule is that a set-off is not allowable unless the debts be due between the same parties and in the same right." (*Canonsburg Iron Co. v. Union National Bank*, Pa, and *Union National Bank v. Canonsburg Iron Co.* Pa., citing *Potter v. Burd*, 4 Watts., 15; *Milliken & Co. v. Gardner*, 37 Pa., 456; *Scott v. Fritz*, 51 Ib., 418.)

In another case a bank lent a person money, taking his note and a government bond as collateral security. After the note was payable, but before it was paid, the bond was stolen. The debtor sought to recoup in an action against him by the bank, in other words, sought to have his claim against the bank set-off against the note. The Court, however, held that even if the bank had been negligent and was responsible for the bond, no notice could be taken of the claim in that suit. (*Winthrop Bank v. Jackson* 67 Maine, 570.)

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For the same reason, the lack of mutuality, if a depositor be transferred from an estate to the credit of the executors, the bank cannot afterward set-off a debt due from the estate against the deposit. (*Tobey v. Manufacturers' National Bank*, 9 R. I., 236.)*

In *Pedder v. Preston* (9 Jurist, 496) it appeared that the corporation of Preston kept an account at the plaintiff's banking house, and afterwards undertaking an additional function a second account was opened. Subsequently the banking house stopped payment, owing the corporation on one account and the creditors of it on the other. The question was, could the assignee of the banking house recover the amount due from the corporation, or could it off-set the amount due to it from the banking house in extinguishing the debt? The Court held that the set-off might be made, for though the accounts were separate, the defendants were creditors in the first account and debtors in the second in the same right.

When a bank is insolvent debtors will be permitted to set-off its debts due to them while doing business, against the debts due from them. (*Clark v. Hawkins*, 5 R. I., 219; *McLaren v. Pennington*, 1 Paige, 112; *Miller v. Franklin Bank*, 1 Paige, 444; *Middle District Bank*, 1 Paige, 585; *Paterson Gas Light Co.*, 3 Zab., (N. J., 283.) Likewise a depositor in a National bank which has failed may set-off the amount of his deposit against his note held by the bank. (*Platt v. Bentley*, 11 Am. L. R., 171.) And in Tennessee a certificate of deposit of a savings bank, assigned by the holder to the debtor of a bank after its suspension, but before the filing of a bill for closing its affairs, will be set-off in an action against the debtor. (*Moseby v. Williamson*, 5 Heiskell, 278.)

Whenever an assignee seeks to recover the value of a note due after the assignment, the maker may set-off a debt due to him by the assignor at the time the assignment was made. (*Jordon v. Sharlock*, 84 Pa., 366; see *Greene v. Security Bank*, 6 W. N. Cases, 399.) And whenever the action be against the indorser of a note which fell due after the bank's insolvency, he may set-off a deposit standing to his credit. (*Arnold v. Neiss*, 36 Legal Intell., 437.)

But a bank cannot set-off unmatured paper of an insolvent depositor against the balance due him on his deposits. (Phil. Common Pleas, *Jones v. Bank*, 10 Weekly N. Cas., 112.) On the other hand, when a bank fails, a debtor cannot set-off a claim subsequently assigned to him. (*Venango Bank v. Taylor*, 56 Pa., 14.)

A bank cannot set-off notes left with it for discount and refused, in an action brought afterward by the assignee of the depositor to

* A.'s money was wrongfully paid by a bank to B. and A., sued the bank to recover it. B. on several occasions had paid money for A. The applying of B.'s payments, which was done by the jury, did not have the effect of ratifying the unauthorized act of B. in drawing A.'s money from the bank. (*Heiderich v. Heiderich*, 18 Brad., 142.)

recover a balance due before his insolvency. Said (*Stetson v. Exchange Bank*, 7 Gray, 425) Chief Justice Shaw: "In one of the latest cases on this subject (*Demmon v. Boylston Bank*, 5 Cash., 194) it was held that where the bank were creditors of the insolvent as holders of a discounted note, and debtors to the same insolvent as a depositor at the bank, there were mutual credits. But the distinction was there expressly taken between such a pecuniary credit, and the mere deposit of specific articles, without any lien or pledge, by contract, usage of trade or otherwise. The case of *Rose v. Hart* (8 Taunt., 499) is there referred to, where this distinction is fully considered. It was there held that to constitute such a credit it must be property consigned, deposited or intrusted to be converted into money so that the liability to account for it would ultimately become a debt."

An exception exists with respect to Savings banks and mutual insurance companies. Whenever the depositor in an insolvent institution of this nature is also a debtor for money borrowed he is not entitled to set off the amount of his deposit against his indebtedness. The reason for this rule is because the assets of the bank are its invested funds, the common contributions of all the depositors, in which they all have a common interest. All the profits of the business are divided among the depositors or accumulated in a surplus fund for their joint benefit and greater security. As each depositor is entitled to his proportionate share of the profits, so, in equity, each should bear his proportionate share of the losses. So long as the bank is solvent no injury can arise from permitting a depositor to offset his deposit against his debt due to the bank, as no preference would be given in such case to one depositor over another. But in case of insolvency to allow the set-off to be made would give an unjust preference to debtor depositors over all the others." (Green, J., in *Honnon v. Williams*, 34 N. Jersey, Eq. 255; *Stockton v. Mechanics and Laborers' Savings Bank*, 5 Stew., Eq. 163; *Osborne v. Byrne*, 43 Conn., 155, see also *Lawrence v. Nelson*, 21 N. Y., 158; *Hillier v. Allegheny Mut. Ins. Co.*, 3 Pa. St., 470; *New Amsterdam Savings Bank v. Tartter*, 54 How. Pr., 385; S. C., 4 Abb. N. C., 215.*)

In an action by a savings bank against two persons on a joint and several promissory note they cannot under the statutes of Massachusetts, set-off the amounts severally due them from the bank. (*Barnstable Savings Bank v. Snowe*, 128 Mass., 512.)

If the directors of an insolvent bank make an assessment on unpaid stock subscriptions, for the purpose of meeting its liabilities, a

* In this case it was held that if a depositor was indebted to a savings bank on bond and mortgage he should be credited on his bond for the amount of his deposit in the event of the failure of the bank. This, however, is not the decision of the highest court, and is contrary to nearly all of the authorities.

stockholder cannot set-off the amount of his deposit against the assessment; the capital stock is a trust fund for the benefit of all the creditors. (*Macungie Sav. Bank v. Bostian*, Sup. Ct., 10 W. N. C., 71.)

Banks which collect checks for each other cannot set-off against the proceeds of a note collected, the amount of a check previously collected, but repaid because it was a forgery. (*Hall v. Tioga National Bank*, N. Y. Supreme Ct., 21 N. Y. Weekly Dig., 416.)

A bank cannot set off a debt that it may have against the holder of a check when presenting it for payment (*Brown v. Leckie*, 43 Ill., 497). In the case of *Cromwell v. Wing* (1 Hall., N. Y., 56), it was held that a check on a banker, given in the ordinary course of business, is not presumed to be received as absolute payment, even if the drawer have funds in the bank, but as the means to procure the money. The holder, in such a case, becomes the agent of the drawer. . . . When it is remembered that almost all of the vast sums of money employed in carrying on the commerce of the world is paid out by means of checks, which are not received as payment by the creditor or vendor, but simply as the means, and the usual means, of obtaining his money, it is but reasonable to regard the holder of the check as an agent of the drawer." (Chief Justice Walker in *Brown v. Leckie*, *supra*).

In August, 1857, the Hollister Bank of Buffalo discounted a draft payable at sight drawn by Monteath on Grant and others of New York, and credited the drawer with the amount. Shortly afterward the bank failed and Monteath notified the drawers, and advised them not to accept the draft. It was therefore protested, and Monteath, in September, assigned to Howes and Suydam the amount credited to him by the bank on account of the draft. The Corn Exchange Bank then held the draft for a balance due from the Hollister Bank, receiver of the latter bank having discharged this claim before beginning his action against Howes and Suydam, it was held that he could recover the amount which had been credited to Monteath by the bank on account of the draft. "This gave the bank," said the Court, "the right to balance the credit by charging Monteath with the draft on his account. The defendants, as assignees of Monteath, had no greater right than his assignor. Monteath, upon the discount of the draft by the bank, had a right at once to the proceeds, but not having drawn the money from the bank prior to the protest of the draft for non-payment, the bank could at once return the draft to him, and cancel the credit, or avail itself of the draft as a set-off against the demand of Monteath for the proceeds."

It was claimed by the defendants that the plaintiff was precluded from canceling the credit given to Monteath for the proceeds of the draft in this way, because at the time of the assignment of this

credit by Monteath to him the draft was in the possession of the Corn Exchange Bank, that bank having a lien upon it with other paper of the Hollister Bank, for whatever balance might be due from the latter to the former. "While the Corn Exchange Bank so held the draft, the Hollister Bank or the plaintiff could not charge the same to the debit account of Monteath, and thus cancel the credit given for the proceeds, or use it as a set-off in an action brought by Monteath for the money. To enable the Hollister Bank or the plaintiff to do either, the title to the draft must be absolute, and the holder able to discharge Monteath from all liability as drawer. This could not be done while the Corn Exchange Bank had a lien upon the draft for a general balance against the Hollister Bank. When the lien of the Corn Exchange Bank was satisfied by the plaintiff, he acquired the same title to the draft he would have had, had no such lien ever existed with the same right to use it against Monteath. The defendants gave no notice of the transfer of the credit for the proceeds of the bill by Monteath to them, and upon well settled principles, the claim of the defendants for that credit, whether they sought to enforce it by action or by way of set-off, was subject to any defenses that existed against Monteath at the time the bank or plaintiff had notice of the transfer." (*Robinson v. Howes*, 6 Smith, N. Y., 84).*

I. and A. agreed to speculate, and to put into the hands of F., one hundred and fifty dollars apiece for that purpose. I. drew his check on a bank in payment of a draft for his portion which he ordered the bank to send to F. By mistake the draft was sent to the wrong person, was returned and cancelled. Afterward, A. ordered the bank to send a draft for the same amount to Chicago, but I. was opposed to this and demanded his money of A., who gave him fifty dollars. He then demanded his money of the bank and denied A.'s authority to order the Chicago draft. Having sued the bank for the amount, it was held that A.'s payment should be deducted, and that I., therefore, could recover only the balance, namely, \$100. (*Ilgenfritz v. Pettis County Bank*, 21 Mo. App., 558.)

Equity will permit and enforce a set-off of a debt not yet due against a depositor's account. *Ford's Administrator v. Thornton*, 3 Leigh, 695, is one of the best known cases on this point. A person named Gregory, who was indebted to a bank by a note payable

* A bank official who had been dismissed and who retained of its funds \$1,500 as his salary and who was afterward sued on his bond, was permitted to set-off so much as was due him for his service at the time the action was brought. (*Union Bank v. Heyward*, 15 S. Car., 206.)

A note payable on demand may be set-off against a deposit without making a demand therefor. (*Ketchum v. Stevens*, 6 Duer., 463.)

The public administrator of the city of New York can off-set against a debt due from him to a bank deposit whether made in his own name, or as public administrator, and also notes issued by it that he may have. (*Miller v. Receiver of Franklin Bank*, 1 Paige, 444.)

in sixty days died before its maturity, having a deposit in the bank larger than the amount of the note. His estate was insolvent. It was held that the bank had a right to deduct the whole amount of the note from the sum on deposit, even though there were claims against the estate of superior dignity to the debt due the bank. (*Knecht v. U. S. Savings Institution*, 2 Mo., Ap. 563; *Jordan v. N. Shoe and Leather Bank*, 74 N. Y., p. 473). Tucker, President in the above case, said: "according to my view of the case, no part of Gregory's deposit in bank, constituted, upon his death, general assets of the estate, except the excess above what was sufficient to liquidate the note of Gregory due to the bank. The bank, in fact, was only a debtor for the difference. (Bull. N. P., 179.) Had Gregory, in his life time, sued the bank for deposit, though it could not set-off at law, because his note was not yet due, yet upon showing in a court of equity, that Gregory and his indorsers were insolvent, there could be no question of its right there, to stop the amount in its own hands. Equitable set-offs or discounts existed prior to and independent of the statute. (*Ex parte Stephens*, 11 Ves. 24; *ex parte Blagden*, 19 Ves., 466; *ex parte Flint*, 1 Swans., 30.) * * Although the bank could not, at law,* set-off a debt payable *in futuro* against a due *in presenti*, yet it will scarcely be denied that upon proof of danger of insolvency, equity would stop the payment; for, in equity, it matters not that the debt due to the defendant, which he seeks to set-off, is payable *in futuro*. . . If, then, in ordinary cases, where there are mutual debts between two persons, a discount would be allowed, upon its appearing that there was risk of insolvency, although one of the debts may be *solvendum in futuro*, the bank might, in Gregory's lifetime, and to the moment of his death, have insisted on retaining his deposit if there was danger of loss. The only doubt that could arise about this is that the deposit of a dealer is, by the usage and custom of the bank, held always subject to his check, notwithstanding he is debtor on an accommodation note. But this usage or custom of dealing cannot be more obligatory on the bank than an express promise to pay the amount of the deposits. And yet an express promise to pay does not exclude the creditor from the right of stoppage or retainer. This has been often decided."

Formerly when banking institutions issued notes questions arose on the failure of the issuer whether its notes, which were depreciated, could be set-off on its claims against its debtors. In some States the notes which a debtor had at the time of its failure could be set-off against a claim due from him. (*Beers v. Maynard*, Bail. Eq. S. Carolina, 168.) In other States this could not be done.

* An allowance by way of set-off must always be founded on an existing demand *in presenti* and not one that may be claimed *in futuro*. (*Martin v. Kennsmuller*, 37 N. Y., 196, aff., 10 Bos., 16, the court citing many cases.)

(*Eastern Bank v. Capron*, 22 Conn., 643; *Savings Bank v. Bates*, 8 Conn., 512; *Deen v. Phelps*, 34 Barb., 224; *Pryn v. Middle District Bank*, 1 Paige, 584; *Clark v. Hawkins*, 5 R. I., 219.) In none of them, however, could a debtor buy the notes of a failed bank and set them off against his indebtedness. (*Deen v. Phelps*, *supra*.)

The same principle was applied to a garnishee. He could not set-off against his indebtedness to a bank of circulation its notes acquired after the service of the process against him; but he could set-off the notes he had before the process was served. This principle was applied in the *Farmers' Bank v. Gettlinger*, (4 W. Va. 305), President Brown saying: "Upon the service of the attachment on the garnishee debtor, the debt became fixed, and the attachment creditor acquired a lien on the debt in the hands of the garnishee, which could not be discharged but by payment or satisfaction, if the attachment be sustained. It could not be affected by after acquired set-offs, but would be subject to the just and equitable set-offs which the garnishee might *bona fide* have at the time of the service of the attachment upon him. The bank notes of the Farmers' Bank, which the garnishee held *bona fide* at the time of the service of the attachment upon him, was a good set-off against the claim of the attaching creditor of the bank; but the notes of the bank or other set-offs acquired by the garnishee after service of the attachment upon him, and for the purpose of being so set-off, could not be so applied as against the attaching creditor." (*Seaman v. Bank*, 4 W. Va. 339; *Brower v. Harbeck*, 5 Selden, 589; *McLaren v. Pennington*, 1 Paige, 102; *American Bank v. Wall*, 56 Maine, ; *Clark v. Hawkins*, 5 R. I., 219.)

A lien on bank stock exists only by charter, statutory law, or agreement. "It is clear that there is no lien at common law against stock for debts in favor of the corporation issuing the stock. . . It is obvious that a different rule would subvert the wholesome doctrine of the common law against secret liens. Where such a lien exists it is by statutory authority, either expressed in the act of incorporation or by by-laws made by authority of the act." (Thompson, J., in *Steamship Dock Co. v. Heron*, 2 P. F. Smith, p. 281.) Hence, the dividend of an insolvent bank, belonging to a stockholder's insolvent estate, cannot be retained to pay his indebtedness to the bank, because neither by charter or statute has any lien been created. (*Merchants' Bank v. Shouse*, 102 Pa., 188.)

"It has been expressly decided in the Supreme Court of the United States, that since the National Bank Act of June 3, 1864, went into effect, neither by the act itself, nor by any by-law based upon any authorized provision in the articles of association, can a national bank create a lien upon the shares of its stockholders for their indebtedness to the bank. That such a lien is contrary to the whole policy of the act is manifested by the repeal of such a provision

in the Act of 1863." (Virgin, J. in *Hagar v. Union National Bank*, 63 Maine, 509; *Bank v. Lanier*, 11 Wall., 369; *Bullard v. Bank*, 18 Wall., 589; *Evansville National Bank v. Metropolitan National Bank*, 2 Bissell, 527; *Bank v. Bank*, Ky.; *Rosenbach v. Salt Spring's National Bank*, 53 Barb., 495; *Delaware & Co. v. Oxford Iron Co.*, 38 N. Jer., Eq., 340.)* But a National bank can hold the cash dividend of a stockholder pledged for his debt. (*Hagar v. Union National Bank*, 63 Maine, 509.)

Not even by agreement can a national bank stockholder pledge his stock to secure a bank on future indebtedness, for example, the balance due on collections which a banker and a national bank may make for each other. (*Conklin v. Second National Bank*, 45 N. Y., 655.)

State banking institutions, however, may acquire a lien either by charter or statute to secure the indebtedness of stockholders. (*Burford v. Crandall*, 2 Cranch Cir. Ct., 86.) Although a lien can be thus acquired through duly authorized articles of association or by-laws, (*McDowell v. Bank*, 1 Harr., 27; *Leggett v. Bank*, 24 N. Y., 283; *Arnold v. Suffolk Bank*, 27 Barb., 424,) a lien cannot be acquired through a simple delegation of authority to the directors to manage its affairs. If therefore, a board of directors invested with general authority should subject the stock of their bank to a lien, it would not hold against the purchaser of any shares for value and ignorant of the by-law. (*Bank of Attica v. Manufacturer's Bank*, 20 N. Y., 501.)

"To bind a stockholder his pledge must be expressed, otherwise," said Judge Mills in *Fitzhugh v. The Bank of Shepardsville*, (3 Mon. Ky., p. 129,) "the holder of such evidence might delude and impose upon purchasers, and the bank stand as a tacit accomplice in that delusion, and then be permitted to take from an innocent purchaser the title thus acquired." Nor will a pledge of stock for a particular debt give a bank a lien thereon for other debts due from the person for whom the stock is pledged. (*Woolley v. Louisville Banking Co.*, 81 Ky., 527.) Nor will a lien on stock for over-drafts on checks include notes or bills to which the pledger may be a party as maker or endorser at the time of selling and transferring his stock. (*Reese v. Bank*, 14 Md., 271.) No lien exists unless there be a debt; and if a stockholder divest himself of his stock by sale, gift, or pledge, which is known by the bank, it cannot claim a lien on later advances. (*Bank v. McNeil*, 10 Bush. Ky., 54; *Neal v. Janney*, 2 Cranch Cir. Ct., 188.) And even though it should prescribe

* Judge Blatchford, though, ruled in an early case under the National Bankrupt Law that a bank could maintain a lien on its shares of stock as against the assignee in bankruptcy of the stockholder to protect itself against loss; *In re Bigelow*, 1 Bank Register, 202. United States District Judge McDonald ruled the same way; *In re Dunkerson*, 4 Bissell, 227; and so did Judge Clifford in 1871, in *Knight v. Old National Bank*, 3 Cliff, 429, after the decision in *Bank v. Lanier*. This opinion contains a good review of the cases.

how its stock must be transferred to confer a title on the purchaser, yet an equitable title could be given without following the mode prescribed which the bank would be bound to respect from the time of receiving notice of the transfer. (*Conant v. Seneca County Bank*, 1 Ohio St., 298, citing *Bank v. Smalley*, 2 Cowen, 777; *Gilbert v. Manchester Iron Co.*, 11 Wend., 628; *U. S. v. Cutts*, Sumner C. C., 139; *Com. Bank v. Kortright*, 22 Wend., 362; *Quiner v. Marblehead Ins. Co.*, 10 Mass., 476; *Sergeant v. Franklin Ins. Co.*, 8 Peck, 90; *Union Bank v. Laird*, 2 Wend., 390; *Black v. Zacharie*, 3 Howard, 483.) Consequently, debts contracted by the assignor to the bank after receiving such a notice are not, as against the assignee, liens on the stock. (*Conant v. Seneca County Bank*, 1 Ohio St., 298.)

If the debt be less than the value of the stock, the bank can hold the whole until the debt is paid; it is not obliged to appropriate a part and pay the rest. (*Sewall v. Lancaster Bank*, 17 Serg. & Rawle, 285.) It hardly need be mentioned that a bank may waive its lien and permit a stockholder to sell his stock when such permission is necessary. (*National Bank v. Watsonstown Bank*, 105, U. S., 217.)

The rights of banks and of stockholders are largely determined by the charter or by-laws which relate to the holding, pledging and transfer of stock. The decisions, therefore, rendered in many cases have narrowed down to an inquiry into the nature of the power thus existing. Long ago it was determined that the Bank of Washington had a right under its charter to prevent a transfer on its books of a part of the bank stock of a debtor until the debt was paid, although the value of the stock greatly exceeded the amount of the debt. (*Pierson v. Bank*, 3 Cranch. Cir. Ct., 363.) But on the death of one of its stockholders, who was insolvent and indebted to the United States, the bank had no right to set off the dividends accruing on his stock after his death against notes on which he was indorser. The bank had no specific lien on the dividends of its stockholders in consequence of its right to prevent a transfer of the stock until his debt to the bank should be paid. (*Brent v. Bank*, 2 Cranch. Cir. Ct. 517.)

The third section of the charter of a Mississippi Bank provided for a directory and a president, who were empowered to make "all needful rules and by-laws for the management of the business of said company, and the mode and manner of transferring its stock." Having this authority the bank enacted a by-law that "the stock of the company shall be assignable only on the books of the company, and no transfer of stock shall be made by any stockholder who shall be indebted to the company; and certificates of stock shall contain upon them notice of this provision." Certificates of stock were issued to C., which stated the number of shares he owned, their nominal value, and that they were "transferable at the office, in person or by attorney." C. borrowed money from P., on these cer-

tificates as collateral security, and assigned them to her by the following endorsement: "For value received, I assign this certificate of stock to P., and authorize her, as my attorney, to demand and have transfer of the same made to her on the books of the company." When P. presented the certificates to the bank and demanded their transfer, it refused to do this because C. was a debtor for more than the value of his stock, and under the by-law above quoted, it had a lien thereon for his indebtedness. At the time of the assignment to P. she had no actual notice of the lien claimed by the bank on C.'s stock. It was held that P. did not have constructive notice by the charter that there would be a by-law preventing a stockholder indebted to the bank from disposing of his stock, but only that there would be some regulation of the mode and manner of the transfer, and that she had the right to presume the regulation was announced in the certificate in the words "transferable at the office in person or by attorney," and was not bound to inquire further. As P., therefore, was an innocent purchaser for value, without notice actual or constructive, of the bank's lien, she held the stock. (*Bank v. Pinson*, 58 Miss., 422.)

ALBERT S. BOLLES.

[TO BE CONTINUED.]

OUR COINAGE AND THE MINT.

[CONTINUED FROM THE JANUARY NUMBER.]

The subject of a uniformity of coinage with Great Britain, which at the present time is considered with so much favor as but part of a scheme looking toward an international coinage, the establishment of which is to be the panacea for many, if not most of the coinage difficulties which afflict the leading nations of the world with more or less severity as the years go by, was first talked of at about the beginning of the civil war. Since that time the subject has grown in favor and influence both at home and abroad, so that it has come to be looked upon as one of the future certainties of international legislation toward which we may look with satisfaction.

In 1863 Congress authorized the two, three, and five cent pieces. By an Act of April 22, 1864, the weight of the cent was reduced to 48 grains, ninety-five per cent. copper and five per cent. tin or zinc. The two cent piece was to weigh 96 grains. These copper coins were first made legal tender at this time, the one cent pieces for ten cents and the two cent pieces for twenty cents.

During the war period Congress had to affix severe penalties to the counterfeiting of the coinage, which applied particularly to the

small coins. This act, approved June 8, 1864, imposed a fine of \$3,000 and five years' imprisonment, one or both, for the issuing and passing of "any coin, card, token, or device whatsoever in metal or its compounds." It is said that upwards of three hundred varieties of the one cent piece found their way into circulation during this period, making the above penalty a matter of necessity. These devices were of the same size as the cent, but contained no nickel, and their weight and value were inferior.*

In 1864 a law was enacted providing for the redemption of the five cent piece in sums not less than \$100. In 1871 the manifest blunder in the law of 1864 was rectified, and thereafter *all* copper and bronzed coins were subject to a similar redemption.

The falling off in the coinage of the silver dollar during the early years of the war is made manifest by comparison. The coinage from 1859 to 1861 was \$1,488,930 or an average of \$744,000 per year. In 1861 it was \$559,930, and in 1862 \$1,750. The coinage from 1869 to 1873 was \$3,538,710, while the total coinage from 1792 to 1873 was \$8,045,838.

During the war period little was done to the coinage, the only legislation upon the subject being directed toward the token coins.

By an Act of 1865 the nickel three cent piece was again authorized to be composed of copper and nickel, and to weigh 30 grains. It was made a legal tender for sixty cents. By the same act the one and two cent pieces became a legal tender for only four cents. By the Act of May, 1866, the copper-nickel five cent piece was authorized to weigh $77\frac{1}{100}$ grains and to be a legal tender in sums of one dollar and under. The legend "In God We Trust," now inscribed on all our coins, was first authorized by the act of March 3, 1865, and has been since used.

Since the war there has been but little money coined at the South; as has been already stated, the branch mints at Charlotte and Dahlonega were found to be unprofitable, and were closed in 1861.

From 1849 when the first gold dollar was coined at Philadelphia, to 1867 when its coinage was suspended, there were issued at Philadelphia alone \$17,709,442 pieces. It is estimated that the total coinage of the one dollar piece probably reached \$30,000,000; and yet, in actual use, it has been one of the most inconvenient and unnecessary coins ever produced.

In 1867 was held the first international conference looking toward a unification of the world's coinage. The matter had received greater or less attention and thought on the part of leading financiers of the foremost nations of the world, and it was believed by many that a conference of representative men might lead to definite action.

The meeting was held at Paris, and the following countries

were represented: Austria, Baden, Bavaria, Belgium, Denmark, Spain, France, Great Britain, Greece, Italy, Holland, Portugal, Prussia, Russia, Sweden and Norway, Switzerland, Turkey, Wurtemberg, and the United States. The practical results of the conference were few, beyond the statement of a few general features which were agreed to. It was concluded that in the event of the establishment of a universal coinage, its main characteristics should be (1) the adoption of the single standard of gold, (2) coins of equal weight and diameter, (3) coins of equal fineness, or $\frac{1}{2}$ fine, (4) the weight of the present five franc gold piece, 1,612.90 milligrams to be the unit with multiples. The weight of our gold dollar is 1,671.50 milligrams; its excess over the five franc piece being 58.60 milligrams or $3\frac{1}{2}$ cents. In other words our dollar would have to be reduced to $96\frac{1}{2}$ cents to conform to the above standard and other coins in the same proportion. The English sovereign would have to be debased the equivalent of four cents. We have in the foregoing articles of agreement adopted by the Paris conference the foundation of at least a possible adjustment of the international coinage question. When the times will be riper for definite action in the premises is, to say the least, an open question.

Senator Sherman, of Ohio, having in view the ultimate unification of the world's coinage, introduced a bill January 6, 1868, providing for a five dollar gold piece which should agree with the French piece of the value of twenty-five francs, and other denominations in proportion. It also provided for silver coins to conform to the French standard, fixed the weight of the half-dollar piece at 172 grains, and authorized the silver dollar. It also provided for the discontinuance of the coinage of the three and five cent pieces. It is hardly necessary to add that the bill was not well received. It was a step in advance of the times.

The mint at Carson City, Nevada, was established in 1869 to facilitate the coinage of bullion then procured in great quantities from the mines of Nevada, and the Comstock lode in particular. The amount of coin issued from this branch since its establishment has justified the assumption that it was greatly needed.

In 1870, Mr. Knox, then Deputy Comptroller of the Currency, at the request of the Secretary of the Treasury, submitted a report to the House embodying numerous suggestions looking toward a revision of the mint laws. These recommendations were made after a most careful and exhaustive study of the subject by one, the soundness of whose views and the clearness of whose utterances on this and kindred subjects has never been questioned, and yet there is no single piece of financial legislation that has been the real or apparent cause of so much dispute as to its practical results as has the coinage law of 1873. The results of

that act have been so completely misunderstood and misstated and the methods by which it was finally carried through both Houses of Congress have been so often both criticised and approved, that it would seem to be a difficult matter to determine from the utterances of others how the matter really stands.

It seems to be a matter of little doubt, however, that the usual time and customary publicity were given to the passage of the mint law of 1873, although the opponents of the law as passed, seem to delight in affirming the contrary. The history of the act from its inception reveals nothing to warrant any such assumption.

As to the practical results of the act no misapprehension need have been necessary if its interpretation by the author of the act, John J. Knox, as given in his report to the chairman of the finance committee of the Senate, be taken as authority. It is clear, explicit and elaborate in its detail.

As to the status of the gold and silver dollar under the then proposed act he says: "The coinage of the silver dollar piece, the history of which is here given, is discontinued in the proposed bill. It is by law the dollar unit, and assuming the value of gold to be fifteen and one-half times that of silver, being about the mean ratio for the past six years, is worth in gold a premium of about three per cent. (its value being \$103.12) and intrinsically more than seven per cent. premium in our silver coins, its value thus being \$1.07 $\frac{1}{4}$ $\frac{1}{2}$. The present law consequently authorizes both a gold dollar unit and a silver dollar unit, differing from each other in intrinsic value. The present gold dollar piece is made the dollar unit in the proposed bill, and the silver dollar piece is discontinued. If, however, such a coin is authorized, it should be issued only as a *commercial dollar*, not as a standard unit of account, and of the exact value of the Mexican dollar, which is the favorite for circulation in China and Japan and other Oriental countries." In as plain terms as the English language can afford, Mr. Knox has briefly stated what the intent and meaning of the act framed in 1870, and which became statute law three years later, really was. And this discarding of the silver dollar was more apparent than real, as Mr. Knox himself has testified. Commenting at a later date upon certain criticisms of the Act of 1873, he said truthfully: "The Coinage Act of 1873 and the Revised Statutes of 1874 simply register in the form of statute what had been really the unwritten law of the land for nearly forty years." Nominally, we had a silver dollar during the period named, but the over-valuation of the metal contained in it by the law of 1834 had driven it from circulation. It is estimated that there could not have been more than \$50,000 of the old silver dollar pieces in circulation at the time of the passage of the Act of Feb. 12, 1873.

The total coinage of the dollar piece from 1792 to 1873 was only \$8,045,838, or a little over \$100,000 per year, while the coinage of

fractional silver for the same period amounted to \$137,106,046. Fractional silver being of light weight was kept in circulation after the over-valued dollar piece had fled the country or had found a secure hiding place. It is not understood that the law of 1873 demonetized the old silver dollar, nor even the fractional silver of full weight coined prior to 1853; its practical effect was simply to annul the law by which that coinage could be continued when circumstances favored. However, the Revised Statutes of the United States of 1874, by some means, were so framed as to provide that: "The silver coins of the United States shall be a legal tender at their nominal value for any amount not exceeding five dollars in any one payment." Thus statute law is made to do that for which there was no provision in the original act. The practical working of the statute, however, did not circumscribe the circulation of silver, since it affected only such coins as were issued prior to 1873 of which there were hardly any in use, while the act itself provides: (§ 47) "said coins" (mentioned in the act) "shall be a legal tender for any amount not exceeding five dollars in any payment;" also (§ 17) that no coins should "*thereafter* be issued from the mint" other than those prescribed in the act.

Another provision of the Act of 1873, although in part experimental, was productive of good results. It was the reduction of the coinage charge from one-half to one-fifth of one per cent. It was thought that this provision would result in a larger coinage of the precious metals and thus facilitate their use from hand to hand. The results were so favorable that in a short time the director of the mint was led to recommend the free coinage of gold.

Up to 1873 there was no provision in law as to the amount of abrasion below which coins could be no longer legal tender. At this time the advisability of doing something to maintain the coinage at a given standard was strongly advised.

As has already been indicated the report to Congress while it advocated the suspension of the coinage of the standard silver dollar, recommended the issue of a "commercial" dollar, to be used in trade at the East. The piece in common use at the time was the Mexican dollar, which had become badly worn and was therefore of light weight and hence unsatisfactory. The Act of 1873 among its provisions authorized the trade dollar. It was much superior to the Mexican dollar in every way. Its weight was 420 grains 900 fine, while that of the average Mexican dollar in circulation was 417.88 grains 902.77 fine. A distinctive design was given to this dollar; the words "trade dollar" and the weight "420 grains" were stamped on its reverse. The design in issuing this over-weight coin, as has been said, was to facilitate trade with China and the east. And it proved very acceptable to, and was at once recognized by the Eastern Governments. However, its circulation in this country could not be prevented, although its legal tender qualities were limited the same

as all other coins. That the trade dollar might be restricted in its circulation to the part of the world for which it was particularly intended, in July, 1876, Congress resolved "that the trade dollar shall not hereafter be a legal tender, and the Secretary of the Treasury is hereby authorized to limit from time to time the coinage thereof to such an amount as he may deem sufficient to meet the export demand for the same." So completely has our Government ignored the trade dollar for home use, that not until recently would Congress permit the redemption of the coin at our mints. The coinage of the trade dollar paid the Government a seignorage of $1\frac{1}{2}$ per cent., which was equal to cost of coinage.

Another important provision of the Act of 1873 was the establishment of the Mint Bureau in the Treasury Department at Washington. This was found to be necessary that a more immediate and thorough supervision of the mints of the country by a responsible head might be maintained. Irregularities had occurred at various times and places, of such magnitude and importance, as to seem to warrant increased vigilance. The first director of the Mint Bureau, appointed April 1, 1873, was Dr. H. R. Linderman. He held the office for a number of years, and the extent and value of his services to the country cannot be estimated.

In June 1873 the Director of the Mint Bureau, finding that the dollar gold pieces were becoming very troublesome, advised their recoinage into larger denominations. Accordingly \$20,000,000 were sent to the melting pot, they being taken from the vaults of the Sub-Treasury at New York.

WILLIAM WOODWARD.

[TO BE CONTINUED]

THE NEW YORK STOCK EXCHANGE.

Elsewhere in this work is given an historical sketch of the New York coffee houses during the latter part of the eighteenth century. Mention is made therein of such an institution known as the Tontine coffee house. This public resort was the common meeting place of the little party who formed, in 1792, what is now known as the New York Stock Exchange, and is the chief market of its kind in America. The early organization was composed of twenty-four persons, and their first meeting, according to history, was under a buttonwood tree standing at or about where No. 60 Wall street is to-day. The Tontine coffee house which stood at the corner of Wall and Water streets, was the focal centre of mercantile and financial gathering, and in its homely apartments these twenty-four

speculators of the olden time chaffed, told stories, talked business, and supped the common beverage.

The history of the association has been very happily drawn in an entertaining paper from the pen of Mr. R. Wheatley,* to which we are indebted with thanks for much information given in this work.

The commercial revival following the war of 1812-15, made better organization an urgent need. The character and importance of current transactions called for a precise and binding system. In 1817, the New York Stock and Exchange Board was constituted, after the model of that in Philadelphia, and its meetings were held, after 1820, in the office of Samuel J. Beebe, at 47 Wall street, next in a room in the rear of Leonard Bleecker's, and subsequently in the domicile of the old *Courier and Enquirer*. In May, 1817, it removed to an upper room in the Merchants' Exchange, on Wall and William streets. Thence it was ousted by the great fire of 1835, and for some years afterwards held its sessions in a hall in Jauncey court. In 1842 it returned to a hall in the new Merchants' Exchange, now the Custom house, The Board was then a close corporation, but an eminently honorable one, and decidedly averse to any publication of its doings. The Open Board of brokers gotten up in the rotunda, in or about 1837, tried to force themselves into the association, and, failing in that, cut away the beams and dug out the bricks of the regular Board Room in order to insert their heads and learn what was being done. In 1853 the Board removed its rooms to the top floor of the Corn Exchange Bank at the corner of Beaver street, and from thence into Dan Lord's, on Beaver above William, near Exchange place, where it was located during the panic of 1857 and also at the outbreak of the great rebellion.

In 1863, a second Open Board of Brokers, the first being defunct, was established in a dismal William Street basement denominated the "Coal Hole." This soon had several hundred members, and did an immense business. Thence it passed into a fine hall on Broad street, within one door of the Stock Exchange, which had fixed its quarters in the edifice now occupied, and which was built for its use in 1865, and by 1869, had acquired fully one-half the speculative business done on "the street." Warfare between the old and the new was annoying to both. Negotiation followed and ended in consolidation. The government of the old board was absorbed at the same time. Since then all have enjoyed equal rights and privileges in the same structure.

The members of the New York Stock Exchange are *sui generis*. In number they are eleven hundred. This limit was reached in November, 1879. They constitute an association, not a legalized

* Written for Harper's Magazine.

corporation. In 1871 a perfect charter was drawn up by business men for the incorporation of the Stock Exchange. Tweed was then in the zenith of his legislative power. Thinking that the application presented opportunity for making money, he caused false names to be inserted in place of true, had it passed by the New York Legislature and signed by the Governor. A hundred thousand dollars, or thereabouts, was asked for this superserviceable meddling, but both demand and charter were rejected by the indignant members.

The twenty-four brokers who signed an agreement not to buy or sell stocks for less than one-fourth of one per cent. and to prefer each other in negotiations, increased in number slowly. Only twenty-five adopted the constitution of 1817. Among the thirty-nine who had signed it in revised form in 1821, were Nathaniel Prime, Leonard Bleeker, and other experienced bankers of the highest reputation. Exquisitely sensitive in matters of honor, scrupulous in regard for right, dignified and urbane in manners, they were worthy of the utmost confidence and regard. J. L. Joseph, whose firm was agent of the Rothschilds, joined them in 1824, and the celebrated Jacob Little in 1825. Large accessions were received during the civil war, at the consolidation of the boards in 1869, and again in 1879, when the present maximum was attained.

The form of government under which the Stock Exchange acted for many years was that of a pure democracy. Consolidation with the "Government department," on May 1, 1869, and with the "Open Board of Stock Brokers" on the 8th of the same month, brought with it the adoption of a republican constitution, by which the government is vested in a committee of forty—divided into four classes of which one goes out of power every year and is its President and Treasurer. These constitute the governing committee, and, with the Vice-President and Secretary, are the officers of the Exchange. The President, Secretary, Treasurer, Chairman, and Vice-Chairman are elected annually by ballot of all the members present and voting on the second Monday in May. The Governing Committee chooses the Vice-President, and also appoints the Roll Keeper. Vacancies are filled by election, either of the whole body or of the Governing Committee. Administrative and judicial powers are intrusted to the latter, whose decision in all cases is final

The President sees to the enforcement of the rules and regulations, cares for the general interest of the Exchange, presides over it when he chooses, and is a member and the presiding officer of the Governing Committee. In his absence the Vice-President assumes the same powers and functions. The Chairman presides over the board when assembled for business, calls the stocks and bonds as they are printed on the list, maintains order, and enforces the rules. In his absence the Vice-Chairman discharges these duties. Neither,

while presiding, can operate in stocks. The Secretary has charge of the books, papers, and correspondence of the Exchange, keeps record of the different transfer books for dividends, elections, etc., of the various corporations in which it is interested, and posts the amount and date of such dividends upon the bulletin-board. The Roll-Keeper preserves a list of the members and the fines imposed upon them. He also collects the latter, and reports semi-annually to the Exchange.

Applications for membership are publicly announced, together with the name of the member nominating, and the name of the member seconding the applicant. The nominators are asked in committee if they recommend the applicant whom they must have known for twelve months in all respects, and if they would accept his uncertified check for \$20,000. The latter query is crucial. The nominee is requested to state his age, whether he be a citizen of the United States, what his business has been, whether he ever failed in business, if so, the cause of his failure, amount of indebtedness and nature of settlement. He must also produce the release from his creditors. He is asked, if indebted, what judgments have been given against him; if not in debt, whether he pays for the membership and the accompanying initiation fee with his own means; whether his health be and has been uniformly good; whether his life be insured, and if not, for what reason; what kind of business he proposes to do; whether alone or in partnership. A copy of his statement is forwarded to him and is read and certified to by him as correct. Any willful misstatement upon a material point subjects him to lasting ineligibility for admission or deprivation of membership as the case may be. Not less than eight hundred admitted men have been thus questioned by A. M. Cahoon, Chairman of the Committee on Admissions. "The best policy is honesty" is the cardinal maxim of the Stock Exchange. Financial morality satisfies its requirements. Further than that is beyond its chosen province.

The price fixed by the association for membership is \$20,000, but as the established limit in numbers has been reached, to become a member one must purchase his seat from some member who is desirous of retiring. In selling his seat a retiring member is allowed to get as much as he can, and the purchaser, if accepted, must pay an additional \$1,000 to the Exchange in having the transfer made. A seat has been sold for \$32,500 or \$12,500 above the price established by the association. The price has been \$20,000 since 1879, when it was advanced from \$10,000, at which it had stood thirteen years. In the early stages of the organization no initiation fee was demanded, and not until 1823, when the membership was fixed at \$25. In 1827 it was raised to \$100; in 1833 to \$150; in 1842 to \$350; in 1862 to \$3,000, where it remained until 1866,

when it went up to \$10,000. During 1862 a rule was adopted admitting brokers' clerks for \$1,500, but when the membership fee was made \$10,000 there were no distinctions in class. The semi-annual dues are \$25, and \$10 dollars are assessed against each for the Gratuity Fund upon the death of a member.

The Gratuity Fund at present amounts to \$700,000, and is, of course, constantly increasing. The sum of \$10,000 is paid to the heirs of deceased members. One-half of this goes to the widow and one-half to the children; if there be no widow the whole is paid to the children; if there be neither widow nor children the whole is paid to his legal representatives. His membership is sold, and the proceeds—less any dues or balances of unfulfilled contracts against his name—paid to his heirs. The annual income of the Exchange, from fees, dues, fines, and rentals amounts to about \$300,000. The expenses are paid out of this, and whatever remains is divided so that one-half goes to the Gratuity Fund and the other is distributed pro rata as a rebate to the members. The assessment of members in case of a death will be discontinued as soon as the Fund reaches a limit where the gratuity can be paid out of the receipts and accrued interest. It would seem that such a time is not far off.

SELDEN R. HOPKINS.

[TO BE CONTINUED.]

THE CANADIAN PUBLIC DEBT.

The existence and steady growth of the Public Debt is a fact too often ignored or forgotten. The public, in reading accounts showing a surplus of revenue over expenditure, are apt to forget that every year since 1867 the average increase in the debt of the Dominion has been at the rate of over \$9,000,000 per year, no matter what Government happened to be in power. During the two periods of Conservative administration, since 1867, the debt was increased by the sum of \$126,443,720 or at the rate of \$9,726,440 annually, while during the five years of Liberal rule the net increase was \$45,213,836, or at a yearly rate of \$9,042,767.

These figures show that the increase in the gross debt has been about the same under both policies and consequently that it grows independently of either party, and in proportion with the gradual expansion of the country. An examination of the net debt for the same period, however, is rather in favor of the latter-day policy as in the thirteen years of the new *régime* the increase in the net debt was only \$80,160,443, or at the rate of \$6,166,188 per year, while for the five previous years the increase was \$40,518,608, or at the rate of \$8,103,721 annually, a sum close upon \$2,000,000 per year more than the average increase under the other policy. The following figures give the increase in the gross and net debts since 1867:

<i>Year.</i>	<i>Gross Debt.</i>		<i>Net Debt.</i>
1867.....	\$94,046,051	.....	\$75,728,641
1873.....	129,743,432	.....	99,843,461
1878.....	174,957,268	.....	140,362,069
1885.....	264,703,607	.....	196,407,692

At first sight this seems a formidable increase, but it must be remembered that the whole of this enormous sum has been expended on legitimate public works designed to promote the expansion of the commerce and to enhance the general prosperity of the country at large. The direct advantage from the construction of these public works does not accrue to the Government which is responsible for the expenditure, but is reaped by the community for whose benefit the outlay was made. And that substantial benefit has resulted is amply proved by the remarkable rapidity with which the natural resources of the country have been developed, and in the strides taken by our commerce and manufactures. Not only this, but the benefits to be derived in the future may be fairly expected to be in larger proportion than those of the past, and as the growth of the population, and consequent growth in our industries and trade, progresses, the advantages of these public works will be more and more manifest. For instance, the Canadian Pacific railway figures in the accounts as chargeable with a capital expenditure of over \$57,000,000, but in the single item of cheapening the cost of tea from China and Japan, imported into this country, the construction of this railway has already inaugurated a saving estimated at \$720,000 annually to Canadian consumers; and this without taking into consideration the advantages accruing from the development and settling of the Northwest, the consequent expansion in trade, or the money dispersed in wages and supplies. The consumer may not immediately realize the economy, but competition will shortly reduce the goods to a mere paying profit.

Again, when the burden which this debt imposes on the people is taken into consideration, a much more favorable showing is made. Although the debt in 1867 was \$171,657,556 less than that in 1885, the interest payable last year was only \$7,467,942 against \$4,098,523, the sum paid eighteen years ago. The rate of interest has steadily decreased in far more rapid proportion than the debt has increased, so that while in 1867 the average rate of interest was 5.41 per cent., in 1873 it was decreased to 5.09 per cent., in 1878 it had fallen to 4.65 per cent. and finally in 1885 it was only at the rate of 3.80 per cent. and will probably show a further decrease this year. This fact proves conclusively that the credit of the country is growing in inverse ratio to the amount of the debt, paradoxical as it may seem, and consequently the statement that the credit of the country never stood higher in the great borrowing centers of the world than at present, seems amply borne out by the facts.

Taking the capital expenditure item by item, we find that the various provincial debts assumed by the Dominion amount to \$27,630,058. This sum of course did not involve any new charge upon taxpayers, being merely a transfer of existing liabilities from the provinces to the Dominion. In fact it was a direct advantage to the business community as, owing to the fact that Dominion securities could command a far lower rate of interest than was accorded to provincial borrowings, their burden was proportionately reduced. The expenditure on canals and other public works amounts to \$33,091,866. This is an item no one can cavil at. These sums have long since more than repaid themselves in the increased volume of business which they have enabled the country to transact and have been most important factors in the development of the West. The Canadian Pacific is debited with \$57,191,845, and the Intercolonial with \$30,681,390, but these two undertakings, outside of their value in permitting the settlement of large tracts of hitherto unoccupied though fertile land, were both rendered compulsory by the provisions of the Act of Confederation. The purchase of the Northwest at a cost of \$2,920,000 and the expenditure of \$2,436,035 on the Dominion lands have never been challenged even by

the bitterest opponents of the present fiscal policy and consequently may be fairly admitted to be of direct advantage to the country.

The item of nearly \$88,000,000 for the two railways certainly appears very large, but it is questionable whether it was not better policy on the part of the Government to complete both lines at once and thus secure the immediate opening of the whole route to settlement, than to follow the more cautious policy of expending a few millions annually in gradual extensions of the railways from their respective bases. To use a homely phrase, it is no use making two bites at a cherry, the lines had to be constructed eventually and it will, we think, be agreed to by every business man, that it was best to finish them at once, even at the cost of a sudden and heavy increase to the debt, and thus allow the country to derive immediately the whole of the advantages accruing from their opening, than to proceed in a timid, dawdling manner that would merely exhaust the patience of the settlers it was intended to benefit. The expenditure would have to be met sooner or later, whether in a lump sum or by small increases year by year, and since the rate of interest has declined steadily in inverse ratio with the increase of the debt, it may fairly be said that the policy adopted is the one which imposes least burden on the tax-payer.—*The Canadian Journal of Commerce.*

BANK TAXATION.

Superintendent Paine, of the New York Banking Department, says in his last report of the bank tax case which is soon to be tried before the U. S. Supreme Court, that it involves payment of taxes in the city of New York, amounting to about \$1,400,000 annually. The parties to the suit agreed that on the second Monday in January of last year the aggregate actual value of the shares of the moneyed and stock corporations incorporated by the State law, deriving an income or profit from their capital or otherwise (not including life insurance companies, trust companies, banks or banking associations organized under the authority of this State, or of the United States), amounted to not less than \$755,018,892. In the course of the litigation the plaintiff has shown that moneyed capital to the amount of \$1,200,000,000 has been exempted from taxation, although the claims against it are practically the same as those made against bank shares. At least 86 per cent. of other moneyed capital has been by law exempted from the incubus placed upon bank shares. There is not the slightest disposition on the part of the banks to avoid paying an equitable portion of the taxation levied on personal property. The banks uniting in the litigation are clearly justified. The laws of this State especially in connection with the taxation of banking capital are inequitable. In the last report to the Legislature relative to savings institutions an effort was made to show that the present principle of taxation is both unjust and unreasonable. Comparatively speaking, the amount of personal property assessed in this State is quite small; the great body of the same in every country has invariably escaped taxation, and no laws of an efficient character have yet been enacted.

MERCANTILE EDUCATION.

The following interesting article is taken from the New York *Commercial Bulletin*. In another place we have added something to the subject:

The idea is too prevalent, especially among the younger generation, that merchandise is a thing that can be taken up when other avocations fail, and that it only needs a fair degree of push, or smartness, or, perhaps, a genius for speculation, which does not hesitate to accept any risk. It need not be said that nothing is farther from the truth, and that those who are tempted to accept the delusion are morally certain, sooner or later, to repent of their folly. The mercantile life needs preparation or qualification quite as much as the other professions. We live in an age of extraordinary commercial activity, especially as regards the international exchanges. The world practically is to-day all one market, and the man or the people who would handle that market to the best advantage must be well up in the particular kind of knowledge that is requisite to enable them to take advantage of world-wide methods and to keep pace with their competitors. This cannot be acquired in an off-hand, haphazard way, but by intelligent and painstaking study. Here, if anywhere, "knowledge is power."

This naturally leads to the inquiry, whether our great commercial organizations, in our leading cities, notwithstanding their enterprise and quick intelligence, are covering as much ground as they might with reference to the future and its possibilities. So far as important public questions and their bearings upon trade and business are concerned, there is as little doubt that these bodies are discharging their functions with distinguished ability as that their influence is not potent for good in arresting legislation that is prejudicial to the material interest of the country. Still, we may venture to suggest that there is some other work which they might legitimately undertake, if they are not above learning a lesson from our competitors on the other side of the Atlantic. Take, for example, the position of the Paris Chamber of Commerce in regard to the institutions it has established for the express purpose of training youth for mercantile pursuits, not in France only, but throughout the world, wherever trade is possible. The Chamber inaugurated its now celebrated *Ecole Commerciale* some twenty-three years ago for the purpose of diffusing knowledge that would prove useful to commerce and industry, and thus supersede the then very imperfect education that could be had in Paris for those contemplating a mercantile career; and from that day to this it has worked out results that abundantly vindicate the practical wisdom of its originators. At the start the school had eighty pupils, but in the following year the number was doubled, and from that time until the present the increase has been progressive. At present the attendance is between five and six hundred. The school has a staff of twenty-six teachers and is under the exclusive control of the Chamber of Commerce, which delegates its powers to a committee of six of its own members. The course of instruction is of four years' duration, and includes the French language and literature, commercial mathematics, bookkeeping, history, drawing, commercial geography, commercial law, German, English, Spanish, shorthand, and some science. The fees amount to 220 francs (say \$45) a year, inclusive of everything,

payable in ten monthly instalments of 22 francs each. There are also a great many small bursaries, covering as a rule, merely the cost of education. These come from a variety of sources. Thus, the Chamber of Commerce itself gives ten and the Bank of France 134, the other contributors being the Credit Foncier, each of the great railway companies, the Bankers' Union, the Omnibus Company, the Gas Company, Baron Rothschild, and other public and private firms. Practically, therefore, the enterprise is a private one (the State contributing but ten small bursaries); and it may be considered self-supporting—an evidence of its efficient management. It draws \$20,000 a year in fees, and the teachers' salaries amounted last year to \$17,200. Since its foundation, twelve students per annum on an average have taken the diploma which is given to those who pass the very rigid examination at the end of the course. The diploma of the school, we are told, has a distinct commercial value, as the possession of one is at once a passport to a situation in a bank or commercial house. In a recent report to the Chamber by its committee, it is stated that the directors of the school are not able to meet the applications that are made to them. Besides the *Ecole Commerciale*, the Chamber of Commerce has more recently established the *L'ecole Supérieure de Commerce de Paris*, which is of a higher style and more comprehensive in its aims than the former. It is a college in which the students live. None but thoroughly prepared students are admitted to the superior course, which is of the most advanced description, including, besides the ordinary branches, carefully devised courses by first-rate men on such subjects as commercial geography, history of commerce, commercial law, fiscal legislation, political economy, four modern languages, to say nothing of advanced work in French language and literature. In the last year, moreover, three and a-half hours per week are spent in visiting great commercial and industrial establishments in foreign countries. To give an educational aim to the excursion, the students are required on returning to the college to compile a memoir on the manufacture and the commerce of some particular article, and to the writer of the best memoir the Chamber awards a traveling (*bourse de voyage*) of \$240. There is still another institution under the charge of the Chamber, namely, the *Ecole des Hautes Etudes Commerce*, at present occupying an edifice which cost \$450,000. The studies include mathematics as applied to commerce, general accounting, bookkeeping and office work, the history of commerce, commercial geography, law in its relations to commerce, industry and shipping, the civil code and judicial procedure, the public finances of France and foreign countries, political economy, the transport of goods and tariffs. Special attention is devoted to modern languages. English, German, Spanish, Italian, and Portuguese are taught. Ten hours a week are devoted to the study of any two of these; they are, moreover, taught in small classes, and ability to speak the languages is specially aimed at. Provision, besides, is made for instruction in the various articles of commerce, and some time is devoted to the manipulation of these in the laboratories. In view of so thorough a system of commercial education as this, is it any wonder that our Consuls in South America, Central America, Mexico, and other foreign countries are continually deprecating the disadvantages with which we are continually confronted there in consequence of the imperfect equipment of our commercial agents and merchants as regards precisely this sort of education, more especially that part of it which includes familiarity with the language of the people whom we expect to be our customers. We are not unaware that there are some private institutions that profess to meet the requirements of a thorough commercial education, and we have not the slightest disposition to disparage

them; but the utmost these are able to accomplish is a trifle compared with our ever-expanding commercial requirements, and their results scarcely worth considering compared with those which would assuredly be worked out if our Chambers of Commerce and similar organizations, backed by great individual wealth and a corresponding public spirit, were to make the case their own.

PLANS OF BANK CIRCULATION.

The following plan of issuing bank notes which shall serve as money appeared in the *New York Commercial Bulletin* over the signature M. :

Governments *cannot*, and therefore *should never attempt* to, regulate the amount of the currencies used by the community in the exchanges of commodities and services and in the liquidation of pecuniary engagements.

But the people of the United States have become reconciled to the intervention of the Federal Government in the issues of bank notes, though this intervention originated not in a desire to serve or benefit the people, but merely with a view to create a market for the bonds issued for carrying on our civil war. Now the rapid redemption by the Government of these bonds withdraws the basis of our present bank issues of currency, and the question arises, what shall be substituted for our present bank note issues, which are admitted to be indispensable to the daily operations of the community?

As we have become accustomed to the intervention of the Federal Government in this matter, it probably would be expedient to allow it to continue, provided that the amount of the issues shall be regulated by the banks and the community, and not by the Federal Government. Under this view of the case, the next question is, how to obtain this result satisfactorily? To us it appears that there is but one single method. Let the supervision of the bank note issues of the banks be with the United States Treasury Department, but do not exact any security from the banks for issues, but limit, by a law of Congress, the issues of each bank to a certain percentage of their capital, and force each bank to pay a small annual percentage on the amount of the notes issued to them, countersigned by the Comptroller of the Currency, to be held as security for the redemption of the notes issued by banks that become bankrupt, and force all banks further to redeem their notes not only at their own counter, but also at the nearest important financial center to where their notes naturally flow, on the system so successfully introduced by the old Suffolk Bank of Boston, which prevented all over issues of notes by any bank, or if issued in excess of their legitimate circulation, they were soon presented for redemption at the Suffolk Bank. This is the soundest, best and most perfect system ever suggested to check over issues of bank notes, which has for a long time proved successful with the banks of Scotland as well as with the banks of New England under the Suffolk Bank system.

By this simple system, the Federal Government will control the amount of notes issued to each bank, insure the redemption of notes issued to banks that may become bankrupt, and yet leave the aggregate amount of the notes in circulation to the control of the banks and their dealers. The small percentage paid to the Comptroller of the Currency would not reduce to any extent the profits of the circulation of the

banks, and when the accumulation of the funds in the hands of the Federal Government is deemed sufficient to meet all probable losses by the issues of bankrupt banks, the Secretary of the Treasury should be authorized to suspend the collection of the amount paid by the banks on the amount of notes issued to them, said percentage, however, to be collected whenever the amount of the funds in the hands of the Comptroller of the Currency be reduced sufficiently to make the resumption of the tax proper and necessary.

The following plan has been proposed by the *New York Journal of Commerce*:

Place the organization and management of all banks issuing currency under a joint inspection of three commissioners, one of whom at least shall be appointed by the institutions subject to the tribunal. Allow any bank thus authorized to issue notes for circulation to half, or two-thirds, or three-fourths, as may be determined upon, of its paid up capital. Provide that all these issues shall be furnished and registered as at present, so that there can be no over issue. Require every bank issuing this currency to keep in specie or greenbacks a given percentage of its liabilities in perpetual reserve.

Make provision for a par redemption at some central point (New York would be better than Washington), and require every bank availing itself of this privilege to keep a given percentage of its outstanding circulation with the redeeming agent, and provide by law that the notes shall be the first lien on the capital. It is not probable that there would be one dollar of loss under this system in a decade of years, but to make assurance doubly sure it might be exacted as a condition that all the institutions accepting the provisions of the law should be held bound pro rata to the amount of their issues to make good to the Treasury the failure of any one of them to redeem its obligations. The Government could then guaranty the entire volume of the circulation, and thus secured it would be the soundest and safest paper currency in the world.

Senator Sherman thinks that the banks should be allowed to issue notes to the amount of the par value of the bonds which they have deposited to secure their circulation; also, that the high price of the 4 per cents. and $4\frac{1}{2}$ per cents. render it advisable that the comptroller of the currency be allowed to fix the market value of these bonds each year, and that the banks should issue notes, viz., to 90 per cent. of the amount of the bonds when computed in this manner.

Mr. Knox, formerly comptroller of the currency and now president of the National Bank of the Republic of New York, says that bank circulation has ceased to be a profit, and, in many cases, is a burden to the National banks under existing laws. Many of the small banks of the country hesitate to organize under the National system, because they are obliged to pay United States bonds at the present high premium. He would, therefore, suggest legislation which would authorize all banks having a capital in excess of \$150,000 to organize upon a deposit of \$25,000 of United States bonds; and all banks having a capital of from \$50,000 to \$150,000 to organize upon a deposit of an amount equal to one-eighth of their capital; or, what probably would be still better, authorize such smaller banks to organize upon a deposit of from \$5,000 to \$10,000 of United States bonds. This, he says, would permit all National banks which do not desire circulation to conform to the law without the necessity of purchasing United States bonds at the present high rate of premium.

Secondly, he would provide for the refunding of the 4 per cent. bonds, amounting to \$738,000,000, now outstanding, into $2\frac{1}{2}$ per cent. or 3 per

cent. bonds, offering the inducement to the holders of these bonds to exchange them for the new ones to be issued, the Government paying to the holders the difference between $2\frac{1}{2}$ per cent. or 3 per cent. and 4 per cent.—the difference in value to be ascertained by an exact calculation by the actuary of the treasury department.

If a farmer had a long mortgage upon his farm, bearing 8 per cent. interest, and he had the ready means to pay a portion of the amount, it would be a good proposition for him to offer the holder of the mortgage a payment of interest in advance, reducing the rate of interest upon his mortgage from 8 per cent. to 5 per cent. if possible. There would be no difficulty in a farmer understanding a proposition like that. He would be able to use his ready means and improve his credit, and the party to whom he made the payment would also be benefited by receiving his interest in advance.

In like manner the Government, having a large amount of surplus funds on hand, can use say about \$100,000,000 of that surplus by giving to the holders of the 4 per cent. bonds an opportunity to exchange their 4s for a bond bearing a less rate of interest, the Government paying to the holders of the 4 per cents. the difference between that rate and a lesser rate for the next twenty years in advance. The Government, he thinks, will undoubtedly decline to purchase the 4 per cents. for its sinking fund at the present high rate of premium, but it would be excellent financial policy for it to pay its interest in advance and reduce all its funded debt from the present rates to $2\frac{1}{2}$ per cent. or 3 per cent. It could then subsequently, if thought advisable, after the $4\frac{1}{2}$ per cents. are paid in the year 1891, purchase the new $2\frac{1}{2}$ per cent. or 3 per cent. bonds then outstanding, which would be redeemable in the year 1907.

Mr. Knox is in favor of the McPherson bill which passed the Senate last winter, and also of Senator Sherman's proposition to issue circulation upon 90 per cent. of the market value of the bonds, the value to be ascertained by the average market price of the bonds during the six months preceding. But he has another proposition, to provide a safety fund from the tax upon circulation, which should be reduced to $\frac{1}{2}$ per cent. per annum, and from the estimated loss arising from the failure to present loss or worn-out National bank notes for redemption during the last twenty years, amounting to about \$4,500,000. When this safety fund amounts to \$5,000,000, authorize the issue of circulating notes at the rate of \$100,000 of circulation upon \$90,000 of bonds; the loss, if any, from the failure of banks to redeem their circulating notes to be charged and paid from this safety fund. The statistics in reference to the failure of National banks during the last twenty years show that, if circulation had been issued at the rate of \$100,000 upon \$80,000 of United States bonds deposited, there would have been no loss whatever to the holders of the circulating notes of insolvent banks. But with a safety fund in hand of \$5,000,000, steadily increasing by a tax of $\frac{1}{2}$ per cent. upon the circulation outstanding, there would be no possibility of loss to the holders of the notes of an insolvent National bank if issued at the rate of \$100 for every \$90 of United States bonds deposited.

If, however, the 4 per cent. bonds could be funded into $2\frac{1}{2}$ per cents. by the payment of interest in advance and circulation issued at par on the bonds, and the present tax upon circulation repealed, the issues of the National banks could be maintained without the necessity of a safety fund until the maturity of the bonds.

Either one of these propositions would give relief to the banks, and all combined would have the effect of continuing the National bank circulation for twenty years, or until the date of the payment of the

present 4 per cent. bonds now outstanding. Under such an arrangement the circulation of the National banks would not be likely to diminish, but would increase during the next twenty years. "But," some one asks, "would the circulation be secure?" These propositions provide for an absolutely secure National bank circulation. They are, he thinks, eminently practicable and easy to execute, if the proper legislation can be obtained; but he has no expectation that such legislation will be obtained during the present session of Congress. There is no reason, however, why a law should not be passed authorizing National banks, if they desire to reduce their circulation and the bonds required to be held as security, and that circulation shall be issued at par upon the bonds as previously provided in the McPherson bill. All parties can agree to allow the National banks to retire a portion of their circulation and their bonds if they desire to do so. If a law should be passed authorizing the National banks to reduce the bonds now on deposit one-half the amount now required, as given in the first proposition, the National banking system could continue during the next twenty years upon an aggregate deposit of about \$50,000,000 of bonds by the different banks now organized or to be organized until the year 1907; and in the course of the next twenty years many strange things may happen, and among them perhaps an increase of the National debt.

SUPERINTENDENT PAINE ON BANK CURRENCY.

No question is of more interest to the banks of deposit and discount of this State than that of the future action of Congress concerning circulating notes of National banks. The Act of Congress approved March 3, 1865, imposing a tax of ten per cent. upon the circulation of State banks practically prohibits them from issuing their circulating notes, and the propriety of the repeal of that law is becoming more manifest as bond calls necessitate the contraction of the National bank currency.

The rapid reduction of the National debt naturally increases the premium on the unmatured portion, discouraging the organization of new banks and making it profitable for those existing to avail themselves of the high premium on bonds deposited with the Comptroller of the Currency, thus retiring their circulation and withdrawing from the National banking system.

The public welfare demands that the enormous surplus which will accumulate after the three per cents. are paid, should not be allowed to remain unemployed. It cannot be seriously maintained that a National debt should be permitted to exist for the sole purpose of perpetuating a National banking system.

Upon general principles, it is unwise, to discourage the issue of circulating notes by banks. Without them the currency of the country would consist of gold coins and gold certificates, which are the most desirable currency, provided enough were in circulation to supply the needs of trade; of silver coin and silver certificates which are unstable, and, despite their present appreciation in value, will probably not for many years maintain a market value equal to gold coin or gold certificates of like denominations; and of legal tender notes, which are also unstable because they may become redeemable in silver, and for the further reason that the highest authority has decided that Congress has the power to issue them at its discretion. It is evident that, without the

circulating notes of banks, the currency of the country would be unstable, through changes in the relative value of the precious metals as well as by congressional action.

As a rule the bank notes of other States of the Union did not possess, the high character of those issued by the banks of this State, and hence there exists a prejudice against State bank currency. It is nevertheless unjust, at least as an abstract proposition, that State banks should be debarred from the privilege of issuing circulating notes. A bank ought to possess three functions: First, it should be permitted to receive money on deposit, and hold it subject to draft, or under an agreement as to the time of its return; secondly, it should have the right to loan money; and thirdly, it should possess the privilege, subject to restrictions, of paying out its own notes. There can be no doubt that so far as the banks act in the first two capacities, they ought to be under the supervision of the State governments elected by the citizens whose interests are primarily affected. If Congress were to enact a statute permitting the issue of circulating notes by the Government to State banks upon certain conditions, a uniform currency would be provided of inestimable value to the country, having all the advantages now claimed for that of the National banks. Such currency should be a first lien upon the assets of each bank, and securities satisfactory to the Comptroller of the Currency should be held by him to be sold for the purpose of redeeming the circulating notes in cases where banks failed to redeem them. The directors of any bank of deposit and discount desiring to exercise the privilege of circulating its notes, should be required to deposit with that officer, subject to substantially the same conditions that now exist in connection with the deposit of Government bonds, the best obtainable stocks; for example:

1. The stocks or bonds of any State in the Union that has not within ten years defaulted in the payment of any part of either principal or interest of any debt authorized by any Legislature of such State to be contracted.

2. In the stocks or bonds of any city, county, town, or village in such States, issued pursuant to the authority of a law of that State. Stocks or bonds of a body politic to be unavailable when the indebtedness exceeds a certain percentage of the assessed valuation of its real estate.

With an efficient force in the office of the Comptroller of the Currency, this plan would not prove cumbersome, nor does it invest that officer with unlimited power, provided an appeal may be taken from his decision to that of the Secretary of the Treasury. It is no objection to the plan, to say that it will strengthen the credit of one State and impair that of another. The Legislature of this State has made a like discrimination concerning the securities in which its savings institutions are authorized to invest, and distinction is practically made everywhere in connection with all classes of securities. But even if it were not, certainly when State Legislatures countenance theft—for successful repudiation has in many cases been nothing less—they must suffer the natural and necessary result; while those that have displayed a decent regard for the rights of others should meet with encouragement.

In convenience of use, this proposed bank currency would be preferable to coins. It would be taken as freely at one end of the Union as at the other, because of its undoubted security. The saving to business men in the sums paid out under the old system of inter-State exchange would be great. It would thus prove an important factor in accelerating business transactions, and developing the resources of the country. Under the old system publications known as banknote detectors were a

necessity to protect business men from worthless or counterfeit notes. The engraving and printing by the Government of circulating notes is now so well done, that counterfeiting of its currency has almost ceased. It is reasonable to believe that the people of this country will not sanction a return to the old custom, whereby we had as many systems of currency as there were States, and with marked difference in their relative values. Some plan similar to the one submitted would go far toward binding together the people of the whole Nation in a community of interest, and would place a premium on honest administration of State and local Government, which experience has shown to have been sadly needed.

It may not be thought wholly irrelevant to add that the recent discussion of the question of paper circulation for the future has inspired eulogies on the alleged unselfish motives of those who filed articles of incorporation under the National banking law, with the view, it is claimed, of sustaining the Government during the civil war. In this connection the fact seems to have been entirely overlooked, that during 1861, the Secretary of the United States Treasury effected three loans from the State banks of the city of New York and elsewhere, aggregating one hundred and fifty millions of dollars, on his statement that money must be had to meet the constantly increasing disbursements for the Army and Navy. At the the conferences held by the Secretary in the metropolis, thirty-nine of the banks of the city of New York were represented.

It is also worthy of note that these loans were made shortly after the wholly unexpected overthrow of the Federal Army at the battle of Bull Run, during the month of July, 1861, when the National Government had nothing like the credit at home or abroad that it now possesses. Much of the present knowledge of the immense resources of our country we did not then have, and the treasury was nearly empty. The most prominent financial journal published in Great Britain, said at that time: "It is utterly out of the question, in our judgment, that the Americans can obtain, either at home or in Europe, anything like the extravagant sums they are asking; for Europe will not lend them; America cannot." At the close of the war, on May 26, 1865, there were only 1,183 National banks in existence, the large increase in their number since then is the result of onerous discriminations by the Government against State banks.

LOSSES ON COIN BY WEAR AND ABRASION.

Professor Kimball, Director of the Mint, in a report to the Government after reviewing the various causes of abrasion, the nature of the alloy size of coins, the degree of milling, and the high or low relief, the rapidity of circulation, etc., says that it is clear that the conditions are so various in different countries and at different periods that few foreign experiments or investigations on this subject are of use in calculations as to losses on United States coin. In this country both the legitimate and fraudulent abrasion of coin is probably below that of any other country, on account of the economy of circulation from hand to hand, through replacement as a circulating medium by representative money bank checks, and fiduciary paper. It would be entirely impossible to apply to our coin the results of any conclusions reached in other countries as to the percentage of loss from abrasion, and entirely impossible to apply the results attained in one part of this country, for instance,

the Atlantic States, to another section, such as the Pacific States, or to infer that what is true of coins of certain issues and dates would be equally true of those of others. In the case of the gold coin of the United States, tested upon a large as well as upon a small scale, all old coin have hitherto been found strictly within the legal limit of tolerance of fineness, and about the same as new coin. Upon the recoinage in 1873 of \$16,000,000 of light gold coin, the fineness was found in no single melt to be below 899. No loss corresponding to the loss incurred in remelts of old English coin has ever been observed in the course of recoinage of United States gold.

When passing commercial or financial conditions permit the exportation of coin to advantage without the medium of exchange, coins of full weight will of course be shipped rather than those that are worn, where the valuation is to be by the consignee as bullion. Except in the case of obsolete coin, like the Spanish doubloon, a country is most likely to lose its freshest coin by export. This seems true in the practice of all countries. The English sovereigns deposited at the New York Assay office for melting are new, full-weight coins, and the same is the case with Spanish, French and German coins deposited.

Wherever gold coin is received by tale and paid out by weight, as in the larger foreign commercial transactions, it passes through a process of commercial selection. But unlike natural selection, this does not result in a survival of the fittest. On the contrary, it is the worn coins that are preserved and which perform the duty of actual domestic circulation in some countries, or at least in England, to the almost complete exclusion of full-weight coins. Thus, as we see, it is fresh coin which, diverted from domestic circulation, is turned into the channels of foreign trade, and incontinently hastened to a sure and untimely end in the melting pot.

When, on the other hand, coins are received by weight and, on the part of money brokers and others, paid out to the unwearied or unexact by tale, the selection for the single transaction, if not in favor altogether of the lightest coin, is at least not in favor of full weight coin. It may be assumed that moderately worn rather than uncurently light coins are selected for this business when fairly conducted.

No systematic investigations on an adequate scale have been made in this country to determine the loss by actual wear of United States gold coin, but the results of such experiments as have been made tend to show that that abrasion of gold coin under passed conditions of circulation has been from $1\frac{1}{2}$ to 2 per cent. a century, or from \$150 to \$200 per annum per million dollars.

After a review of the European difficulties with debased coin, the Director says:

"The grievances on the part of the people of Great Britain, as to the degraded condition of their gold coinage, are without any counterpart in this country. The legislation of the United States has not been without the exercise of great liberality, especially in the definition of the legal-tender quality of its gold coins, which it does not enforce beyond the limit of tolerance or "mint remedy," while it undertakes to redeem as of full legal-tender quality, or at its nominal value, all gold coin within the statutory limit of abrasion—that is, one-half per cent. after twenty years' wear, or proportionally to the same rate for a less period. The Treasury Department, moreover, undertakes to redeem uncurent gold coin received through the United States Treasury and its branches at its bullion value when worn by legitimate use below its least current weight, and to recoin the same.

"The laws of the United States, as provided by the Coinage Act of

1873, are, in the above particulars, in direct contrast with the coinage laws of Great Britain. Section 3505, Revised Statutes, directs that the United States Treasury and its officers shall receive at their nominal value all United States gold coins which are within the legal limit of abrasion, namely one-half of one per centum below the standard weight prescribed by law after a circulation of twenty years as shown by date of coinage, and at a ratable proportion for any period less than twenty years.

"Section 14 of the same coinage act (3585 Revised Statutes) provides that the gold coins of the United States shall be a legal tender in all payments at their nominal value when not below the standard weight and limit of tolerance provided by the same act for the single piece, and, when reduced in weight below such standard and tolerance, shall be a legal tender at valuation in proportion to their actual weight.

"While sections 3505 and 3585, Revised Statutes, may at first sight appear to be contradictory, they are not so in point of fact. These two sections, as construed by this bureau, provide that, to the general public, gold coins of the United States which are below the tolerance allowed on each piece, namely, one-half grain on the double eagle and eagle, and one-quarter grain on the other gold coins, shall be a legal tender only in proportion to the actual weight of the coin. Section 3505 directs that the United States Treasury shall redeem at their face value light gold coin within the limit of abrasion. Both these sections of the Revised Statutes were originally contained in section 14 of the Coinage Act of 1873.

"The purpose evidently was that the general public shall not be obliged to receive light gold coins except for what they are actually worth as bullion; but that the Treasury shall be required to redeem them, or receive them, when not outside the limit of abrasion. The public is therefore only obliged to receive them at their nominal value when within the limit of tolerance, and when below the limit of tolerance at their actual bullion value, by weight. The Treasurer, on the other hand, is required to receive gold coin at nominal value within the limit of abrasion.

In this country, as in all others, the loss from legitimate wear, beyond the limit of abrasion, in the case of uncurrent gold coin, falls upon the last holder; yet under the ready means offered by the Government for redeeming uncurrent gold coin the public has ample protection. The coinage laws of the United States are well calculated to protect the public against a degraded currency."

The experiment has recently been tried at the instance of the Treasury Department of aiding the public in the discrimination between light gold coins and those of standard weight by stamping light gold coins with the letter L so as to admit of ready detection. A precedent for this is offered by an English law of 1870, authorizing the defacement of uncurrent coin by any person to whom it is presented, but which law is rarely observed. If such experiments continue at the sub-treasuries and mints the Director believes that light coins will soon cease to perform the functions of legal tender coin and coin will be presented for redemption before progressive wear entails material loss.

Experience has demonstrated that silver coins lose more rapidly than gold by wear. This is probably due more to the activity of circulation of the silver coin than to the difference between the metals. The loss on small silver coins in active circulation is estimated at from one-tenth to one-fifth of one per cent. per year.

MONEY LENT FOR ILLEGAL STOCK JOBBING.

PENNSYLVANIA SUPREME COURT.

Waugh v. Beck.

Money lent and applied by the borrower for the express purpose of settling losses on illegal stock-jobbing transactions, to which the lender was no party, cannot be recovered back; but the mere fact that a lender of money knew that it was to be used for gambling in oil, is not sufficient to defeat a recovery, unless he confederated with the borrower for its unlawful use.

TRUNKEY, J.—In England wagers were not unlawful or unenforceable at common law, and therefore some of the decisions in that country upon wagering contracts are inapplicable where such contracts are unlawful.

It has never been held in the highest tribunals of Pennsylvania that a wager is recoverable, and from 1803 the uniform consent of authority is to the contrary. Every species of gaming contract, whether of insurance by a valued policy where the insured has no interest, or a bet on the existence of a letter, or the purchase of stocks or other commodities without the intention to deliver or receive them, is reprobated by our law. (*Pritchel v. Ins. Co.*, 3 Yeates, 458; *Edgdell v. McLaughlin*, 6 Whart., 176; *Brua's Appeal*, 55 Penn. St., 294.) In the latter case, Thompson, C. J., remarked: "Anything which induces men to risk their money or property without any other hope of return than to get for nothing any given amount from another is gambling, and demoralizing to the community. All gambling is immoral."

A transaction in stocks by way of margin, settlement of differences, and payment of gain or loss, without intending to deliver stocks is a mere wager. (*Maxton v. Gheen*, 75 Penn. St., 166. It is a gambling or wagering operation which the law does not sanction, and will not carry into effect. And a broker who advances money to pay losses incurred on such operations cannot recover the amount advanced, nor even his commissions for his services. *Fareira v. Gabell*, 89 Penn. St., 89; *Dickson's Ex'rs v. Thomas*, 97 Id., 278.) Where an infant dealt in stocks or margins through brokers who did not know he was an infant until the losses amounted to more than \$5,000, which he had paid them, it was held that he dealt with the brokers as principals, and could recover back the whole amount he had deposited with them as margins. (*Ruchizky v. De Haven*, 97 Penn. St., 202.) A bond given to cover margins in a gambling transaction will not be enforced in favor of an assignee, unless the obligor precluded defence by stating that he had none, to the assignee, before his purchase of the obligee. (*Griffiths v. Sears*, 112 Penn. St., 523.) Although not prohibited by statute, a wagering or gambling transaction in stocks, grain, oil, or other commodities, is unlawful in this State. A gambling agreement being in violation of the law, and in the nature of public wrong, has no legal effect. The law forbids it on the ground that it is demoralizing to the community. In an issue which involves inquiry whether such wrong was agreed to be committed, and was committed, it is as fitting to call it a gambling transaction as if it were so declared by statute.

The jury have found that the plaintiff furnished the money, that is, the consideration of the notes, for the benefit of the defendant, but knowingly, and with the purpose of furthering a gambling transaction.

No question has been made as to what commodity was the subject of the transaction, or whether the money was used for the purpose of gambling. It would be well that the record show a finding of what the transaction was; not only that it appear whether it was a violation of the statute, or of the common law, but also that it may appear whether the act was a public wrong. If a statute prohibit an act, it is not necessary, in order to invalidate a contract to do the act, that the statute should provide a penalty; nor does it follow, because the statute imposes a penalty on a particular act, that such act is illegal. Whart. Cont. §§ 363, 364. The issue should be so framed that the verdict will show the character of the transaction or agreement.

As a general rule, money loaned for specific purpose that it shall be used by the borrower to do an act in violation of law, and has been so used, cannot be recovered back by the lender. It is not enough to defeat recovery by the lender, that he knew of the borrower's intention to illegally appropriate the loan; he must know that the borrower is purposing the specific illegal use, and must be implicated as a confederate in the transaction. Whart. Cont. 341, 343. "Where stock jobbing is illegal, money lent for the purpose of carrying it on cannot be recovered supposing it was lent knowingly, and with the purpose of furthering the illegal act." Whart. Cont. 453. Money lent and applied by the borrower for the express purpose of settling losses on illegal stock-jobbing transactions, to which the lender was no party, cannot be recovered back. It being unlawful for one man to pay, it cannot be lawful for another to furnish him the means of paying. This is said of a case where the means were furnished with a full knowledge of the object to which they were to be applied, and for the the express purpose of accomplishing that object. (*Cannan v. Bryce*, 3 Barn. & Ald., 179.) That case arose out of the violation of a statute, founded on public policy, to prevent stock-jobbing; and it prohibits payment or receipt of money for satisfying or making up any difference under penalty of £100. Where the plaintiff, while engaged with the defendants and others in gaming and playing at cards for money, lent the defendants a sum of money for the purpose of enabling the defendant to engage and continue in the gaming, it was held that the loan was an illegal contract, and that the money could not be recovered. The law which prohibits the end will not lend its aid in promoting the means designed to carry it into effect. That which the law prohibits either in terms or by affixing a penalty to it, is unlawful, and it will not promote in one form that which it declares wrong in another. (*White v. Buss*, 3 Cush., 448.)

The cases of *Cannan v. Bryce* and *White v. Buss* were cases where the acts were violation of statutes. But the principle is not limited in its application to such. It applies in many cases where the acts are illegal solely on the ground of public policy. A bond given in consideration of the loan of money with which to put a substitute in the Confederate army cannot be enforced. (*Critcher v. Holloway*, 64 N. C., 526.) A note given for money knowingly lent to be applied to the purpose of suppressing a prosecution for a crime is illegal. *Plumer v. Smith*, 5 N. H. 553. Whether such offences are forbidden or punished by statute or not, money advanced for the purpose of furthering their commission, and so used, cannot be recovered.

At the argument the case of *Third Nat. Bank*, 10 Fed. Rep. 243, was cited as favoring the position that the rule that money, lent knowingly and for the purpose of furthering an illegal act, cannot be recovered, applies to acts contrary to statute law, and not those contrary to the law founded on public policy. That case was upon promissory notes, the plaintiff claiming to be an innocent holder for value. The notes were

given for balances on an illegal agreement, unenforceable between the original parties; but it was not within the gaming statute of Missouri, which destroys the negotiable character of a note given for a gaming consideration, within the terms of that statute, for it pronounces a gaming contract absolutely void; and it was held that an innocent holder for value could recover. In the opinion, it is said, that the great weight of authority supports the rule that a broker or agent employed to buy or sell commodities for the purpose of speculating on the rise and fall of prices merely, and purchasing in his own name, but on his principal's account and after losses have occurred in such transactions, advancing money at his principal's request, to pay such losses; or if he pays such losses, and afterward his principal gives him a note therefor, may recover against his principal the advances so made, or the note so executed, notwithstanding the illegal character of the original venture. Whether such be the rule in this State need not be considered. But it is further remarked: "If a broker or factor supply his principal with funds for the express purpose of enabling him to engage in illegal transactions, and if he (the agent) conducts the illegal venture in his own name, it seems clear that he becomes a *particeps criminis*, and the law will not aid him to recover moneys advanced for such purpose, nor will it enforce securities taken therefor."

And this makes near approach to the controlling principle and facts as alleged in the case before us.

Where a man lends money to another for the express purpose of enabling him to commit a specific unlawful act, and such act be afterward committed by means of the aid so received, the lender is a *particeps criminis*.

The instructions of the learned judge of the Common Pleas were, in the main, correct, and in accord* with the views hereinbefore stated. There was no dispute as to the use made of the money. The gist of the controversy was whether the plaintiff confederated with the defendant for its unlawful use. The Court referred to the cases of felony and misdemeanor, stating what would make an accomplice in one, and a principal in the other, to enable the jury to understand that there must have been an agreement that the plaintiff would furnish for the defendant's benefit, \$500 for the defined purpose of buying oil for the defendant's benefit, and for the further defined purpose that that purchase should be upon margins, in order to defeat the plaintiff's recovery. There was no error in that. The third assignment is not sustained.

The plaintiff's second point was: "That if the jury believe, from the evidence, that the plaintiff loaned the money which formed the consideration of the notes for the benefit of the defendant, and although he knew the money was to be used in buying oil on margins, still the plaintiff can recover. Answer: Simple knowledge by the lender of money that the borrower was likely to or was going to use it in gambling might not be enough to prevent a recovery of the money loaned; but if the plaintiff paid the money to Mr. Lamberton, the oil broker, in accordance with an arrangement made between himself and Mr. Comell, and if he knew this money was going to be used on margins, he could not recover. Therefore, so far as this case is concerned, the request is refused."

The general charge concluded as follows: "The burden of proof in this issue is upon the defendant. It is for him to show, by the weight of the evidence, that Judge Waugh knew that this was being used for the purchase of oil upon margins. You will take all the evidence in the case, and conclude whether he did know that fact."

The plaintiff's second point omitted reference to the allegation that he furnished the money for the purpose of purchasing oil on margins, although there was evidence from which the jury could find that fact. If they believed all that was assumed in the point, it did not follow that the verdict should be for the plaintiff. It was rightly refused. The jury might find the facts assumed, and also find that the plaintiff gave the money for the purpose of being used to speculate in the rise and fall in the price of oil; that is, to purchase oil upon margins. Then the money having been so used, the verdict should be for the defendant. But the point simply referred to the plaintiff's knowledge of the borrower's purpose. The answer was explicit, that if the plaintiff knew of the defendant's intention to purchase oil upon margins, he could not recover. And the same thought was expressed in the closing part of the charge. That we think was error. While proper instruction was embodied in the remarks respecting a felony or misdemeanor, it is by no means clear that the jury would not understand that they could infer the purpose from the mere fact of knowledge. The fourth and fifth assignments of error are sustained.

Judgment reversed, and *venire facias de novo* awarded.

LIABILITY OF BANK FOR STOLEN BONDS.

UNITED STATES CIRCUIT COURT, NORTHERN DISTRICT OF ILLINOIS.

Prather v. Kean.

Where bonds are held by banks as collateral security at the time they were stolen, the defendants are obliged, as bailees for reward, to exercise that degree of care in their safe keeping, which any reasonably prudent and cautious man would exercise in the care of his own property of the same kind. It does not follow, however, that they are not liable if they were as diligent in caring for these bonds as they were in taking care of securities of their own, for they may have been careless of the latter; but if the custody of the defendants, at the time the bonds were stolen was only that of gratuitous bailee for safe keeping, they are not liable for the loss unless it resulted from their gross carelessness.

It is immaterial whether the defendants were bailees with or without reward, as in either case they are liable for the value of the bonds, the loss having resulted from their gross negligence.

Where an employe of a bank occupies a position of trust and great importance, it is gross negligence in his employers not to discharge him, or place him in some position of less responsibility, when they discover that he has been engaged in speculating in stocks and grain.

GRESHAM, J. The plaintiffs, who were bankers at Maryville, Mo., opened an account in 1873 with the defendants, who were bankers at Chicago; and this relation continued until the spring of 1883. Interest was allowed the plaintiffs on their deposits above a certain amount at the rate of $2\frac{1}{2}$ and 3 per cent. per annum, and the deposits averaged from \$200,000 to \$400,000 a year. On July 7, 1880, the defendant sold to the plaintiffs \$12,000 of 4 per cent. Government bonds, for which the latter paid, including premium and accrued interest, \$13,005. The letter which the plaintiff wrote ordering the purchase concluded thus: "You will please send us description and numbers of the bonds and hold same as special deposit for us." In the account which the defendant rendered to the plaintiffs of the purchase, the latter were informed that the bonds were held as a special deposit subject to their order. The numbers of

these bonds appeared upon the bond register which the defendants kept, and they remained in their custody until some time between November, 1881, and November, 1882, during which period they were stolen by their assistant manager, Ker, who disappeared on January 16, 1883, and this suit is brought to recover their value.

On October 8, 1880, the plaintiffs wrote to the defendants, "Would it be convenient for you to discount for us, say, up to par of our bonds with you as collateral, and if so at what rate?" And in reply to this on October 11, the defendants said: "We will discount for you with pleasure, taking your Government bonds at par as collateral." On December 22, the defendants discounted plaintiffs' note for \$12,000, and on the same day notified them that the bonds were held as collateral security for the loan. This note was renewed and when it became due on April 27, 1881, the defendants wrote the plaintiffs, "we debit you \$12,000 for your note due to-day, which please find enclosed canceled. What disposition shall we make of the collaterals?" The answer to this letter was not produced, but Robinson, one of the plaintiffs, testified that he directed the defendants to "hold the bonds as formerly for our (plaintiffs) use," and to furnish a list of them, giving numbers. On May 5, the defendants wrote to the plaintiffs: "Your favor of the 2d inst. at hand. We hold \$12,000 U. S., 4 per cent. as special deposit," giving the numbers and informing the plaintiffs the bonds were held subject to their further orders. On October 11, 1882, the defendants discounted the plaintiffs' note for \$10,000 at sixty days, receiving as collateral security therefor a number of notes given to the plaintiffs by their customers. This note was paid at maturity and collaterals returned.

Robinson testified that in a letter which he wrote to the defendants asking for the last loan, he informed them the plaintiffs preferred giving the notes of their customers in place of the bonds as collateral as they wished to use the bonds in case of emergency. He also stated that after the purchase of the bonds the plaintiffs had overdrawn their account from time to time and that their overdrafts had been honored. On November 24, 1880, the plaintiffs wrote to the defendants: "We are carrying a large amount of hogs and cattle at this time for our customers and we shall wish to overdraw our account for a small amount, and we will thank you to honor the same, and will consider our bonds in your hands as security for the same. We do not wish to overdraw, but stock may be detained on the road," and two days later the defendants replied: "Yours of the 24th inst. received. In reply we beg to say should you have occasion to check us as you suggest, we will pay your checks with great pleasure."

Robinson testified that on January 16, 1883, he wrote to the defendant asking for another loan of \$10,000 on the notes of their customers, as the plaintiffs wished to keep the bonds for emergencies, meaning to meet overdrafts as previously. On January 29th, the defendants replied to this letter, apologizing for the delay which had occurred through oversight on the part of their corresponding clerk, saying: "We telegraphed you to-day that it is all right, meaning to say that your request for discount is granted. "If the defendants did not know when they wrote this letter that Ker had stolen the bonds they had abundant reason for believing he had.

On March 5, 1883, the defendants wrote to the plaintiffs: "Do your books show that you should have a special deposit of Government bonds with us; if so what issue of bonds, and what amount?" to which the plaintiffs replied on March 8: "We refer you to your advice of July 7, 1880, in regard to our bonds held by you."

Kean, one of the defendants, told Robinson in July, 1883, so the latter

testified, that he, Kean, did not know until about the middle of January of that year that Ker had stolen the bonds. At the time the plaintiffs demanded their bonds, or their equivalent, there was nothing due from them to the defendants; and the latter refused to comply with the demand on the sole ground that the bonds were held as a special deposit without reward and that they were not liable for their loss.

Ker acted as bookkeeper for about ten years previous to May, 1881, when he became assistant cashier at a salary of \$2,000 a year. The plaintiffs' bonds were kept in the "treasury" part of the safe, where the securities and reserve or surplus funds not in active use were kept. Ker took \$21,500 of the defendants' funds, and \$35,500 in bonds, including those sued for. Kean also testified that he did not know when the plaintiffs' bonds were last seen in the vaults; that it was their habit to examine their securities and count their cash every month, and to examine their special deposits twice a year to see that they corresponded with the amounts marked on the envelopes and were otherwise correct; that the collaterals and special deposits were kept together; that Ker took none of the collaterals, presumably because he was aware of the habit of the bank to examine them and the cash; and that no record of the numbers of bonds held on special deposit was kept, and they could not be counted and checked off.

More than a year before Ker left the defendants were cautioned that there was some one in their bank speculating on the Board of Trade. Kean testified that after receiving this caution he made a quiet investigation, and the facts pointed toward Ker if anyone; that he thereupon called Ker up and accused him of having been so speculating, to which he replied: "I have made a few transactions, but I am not doing anything now, and do not propose to do anything more." He admitted that what he had done was against the rules of the bank and said: "I know I ought not to do it, and I am not going to do any more of it. I am ahead a thousand dollars all told." Ker's salary appears to have been his only income. The defendants do not claim that he had accumulated any means or property from this or any other source, or that they thought he had, and yet they retained him in his position which afforded him access to their own assets as well as the securities of others, without making any efforts to verify the truth of his statements, or ascertain whether he had been tempted to appropriate to his own use the property of others.

About two months before he left, Preston, one of the defendants residing at Detroit, wrote to the bank at Chicago, calling attention to reported speculations of some of the employes on the Board of Trade, suggesting inquiry upon the subject and directing that a careful examination be made of their securities of all kinds. On receipt of this letter Kean told Ker what he had heard, and asked if he had not been speculating again on the Board of Trade. Ker said he had made some deals for friends in Canada, for which he had received a brokerage, and that the transactions were all ended. The defendants then seemed to entertain suspicion of Ker's integrity, and an examination of their books and securities was commenced. No effort was made, however, to see whether the special deposits had been disturbed. Kean testified that special deposits, including the plaintiffs' bonds, were not examined, because no record was kept of them by record or otherwise; although the proof shows that the numbers of the plaintiffs' bonds did appear upon the defendants' bond register at the time of the purchase.

If the bonds were held as collateral security at the time they were stolen, the defendants were obliged as bailees for reward to exercise that degree of care in their safe keeping, which a reasonably prudent and

cautious man would exercise in the care of his own property of the same kind. It does not follow that they are not liable, if they were as diligent in caring for these bonds as they were in taking care of securities of their own, for they may have been careless of the latter. If, however, the custody of the defendants at the time bonds were stolen, was only that of gratuitous bailees for safe keeping, they are not liable for the loss unless it resulted from their gross carelessness. *National Bank v. Graham*, 100 U. S., 699.

When the first loan for which the bonds were pledged as security was paid, and the defendants inquired what should be done with the collaterals, they were directed by the plaintiffs to hold them as formerly for the plaintiffs' use and forward a list of them by numbers. The direction was not that the bonds be held as a special deposit, or for safe keeping. Evidently the defendants were informed that the plaintiffs expected to use the bonds, as they had already been used, namely as collaterals, and informing the plaintiffs that the bonds were held as a special deposit, subject to their further orders, the defendants doubtless intended to be understood as willing to hold the bond as collateral security for future loans. The two banks had been in uninterrupted business relations for a number of years; during the greater portion of which time there was a balance, varying in size, with the defendants in favor of the plaintiffs. The defendants deemed this account desirable and valuable. They cut off the coupons as they matured, and placed the amount to the plaintiffs' credit. While, therefore, the bailment was for the convenience of the plaintiffs, it came about in the course of business between the two banks, and it was for their mutual benefit. If it be conceded, however, that the bonds ceased to be held as collaterals when the \$12,000 note was paid and they thereupon became a mere special deposit, the character of the bailment was changed by the subsequent agreement, whereby they remained in the custody of the defendants as a continuing security for advances made, and to be made, to the plaintiffs.

The defendants were distinctly informed that in order to accommodate, on short notice, such of their customers as were dealing in cattle and hogs, the plaintiffs might from time to time desire to overdraw their account on the security of these bonds as collaterals; and in order that they might be held for such emergencies, the defendants discounted paper executed by the plaintiffs on the pledge of notes of the latter's customers. The evidence shows that this agreement continued in force until Ker fled, and that after it was made the plaintiffs did make overdrafts on the defendants, all of which were paid, some of them only a few months before Ker's dishonesty was discovered. If these overdrafts were not paid on the security of the bonds, they were paid without security, which is not to be presumed in the absence of proof. The defendants made frequent examinations to see that their own cash and securities were correct, but, according to their own testimony, neglected any examination with a view of ascertaining whether or not the plaintiffs' bonds had been disturbed.

The right of the defendants to hold the bonds against the plaintiffs and all others, as collateral security for any balance due to them from the plaintiffs, is too plain to dispute; and it follows that having this right their responsibility was that of pledgees.

It is immaterial, however, whether the defendants were bailees with or without reward, as in either case they are liable for the value of the bonds, the loss having resulted from their gross negligence. The defendants knew that Ker had been engaged in business which was hazardous, and that his means were scant. The demoralizing effect of speculating in stocks and grain—more properly speaking, gambling on the rise and fall

of the price of stocks and grain—is seen in the numerous speculations, embezzlements, forgeries and thefts plainly traceable to that cause. Ker had free access to valuable securities, which were transferable by delivery, easily abstracted and converted, and yet he was allowed to retain his position without any effort to see that he had not converted to his own use the property of others, or that his statements were correct. An immediate examination would have doubtless shown that even then some of the plaintiffs' bonds had been exchanged for others, if indeed they had not been stolen. Ker's position was one of trust and great importance; his own admission showed that he was not trustworthy for such employment, and it was gross negligence in the defendants not to discharge him, or place him in some position of less responsibility. (*Scott v. Nat'l Bank*, 22 Penn. St., 471; *Third National Bank v. Boyd*, 44 Md., 47; *Cutting v. Murlor*, 78 N. Y., 454.)

BANK TAXATION.

U. S. CIRCUIT COURT FOR NORTHERN DISTRICT OF OHIO.

The Cleveland National Banks v. Horatio N. Whitbeck, Treasurer.

Jackson, C. J. and Welker, D. J. Section 5,219 of the Revised Statutes of the United States, permits the taxation by States of the shares in National banks subject to two restrictions, one of which is, that the taxation shall not be at a greater rate than is assessed upon other moneyed capital in the hands of individual citizens of the State.

Other moneyed capital in the hands of individual citizens of the county and city, where the banks are located, was valued for taxation in 1885 at sixty per cent. only of its real value. The auditor of the county assessed the bank shares at the same percentage of their value. The State Board of Equalization for bank shares raised the valuation of such shares to sixty-five per cent. with full knowledge of the rule adopted by the county and city.

Held:—That such increase of valuation by the State Board of Equalization was a discrimination forbidden by the Act of Congress; and it was no less a discrimination because in other counties, or taxing districts of the State, other moneyed capital was valued for taxation at the same percentage of its real value as that fixed by said board for such bank shares.

Held further:—Where by the Statute of the State the *bona fide* indebtedness of the tax-payer may be deducted from his credits, or moneys invested therein, the same deduction must be allowed from the value of the National bank shares, otherwise the money invested in such bank shares is assessed at a greater rate than the moneyed capital invested in such credits and the Act of Congress thereby violated. This was distinctly held by the Supreme Court in *Evansville Bank v. Britton*, 105 U. S. 322.

Held further:—That a National bank may maintain a suit in equity on behalf of its stockholders to enjoin the collection of a tax which has been unlawfully assessed on their shares by the State authorities. *Hills v. Exchange Bank*, 105 U. S., 322.—Judgment for plaintiffs.

FAILURES FOR THE YEAR 1886.

[Compiled by R. G. Dun & Co.]

No. in Busi- ness in 1886.	STATES AND TERRITORIES.	1886.		1885.		1884.	
		No. Fail- ures.	Amount of Liabilities.	No. Fail- ures.	Amount of Liabilities.	No. Fail- ures.	Amount of Liabilities.
	EASTERN STATES.		\$		\$		\$
14,010	Maine.....	167	3,225,279	205	1,050,181	231	875,267
8,256	New Hampshire.....	48	429,712	79	563,392	96	572,072
6,543	Vermont.....	45	543,494	44	256,558	48	683,707
47,977	Massachusetts.....	341	2,109,802	360	3,223,707	390	4,010,791
	Boston City.....	285	9,319,040	271	4,373,518	305	6,332,329
7,047	Rhode Island.....	92	725,547	126	1,248,591	136	3,285,269
16,842	Connecticut.....	132	1,906,684	176	1,714,486	169	1,464,396
100,675	Total Eastern States..	1,110	18,259,558	1,261	12,430,433	1,375	17,223,831
	MIDDLE STATES.						
86,006	New York.....	621	5,694,088	677	7,999,341	706	10,949,894
50,562	N. Y. City & Brooklyn	528	16,571,667	506	19,874,996	718	77,875,721
27,499	New Jersey.....	111	622,218	122	949,649	119	1,319,339
80,932	Pennsylvania.....	617	5,523,064	748	9,864,137	653	12,340,133
25,594	Philadelphia City.....	205	2,869,017	204	2,991,969	225	6,892,032
4,044	Delaware.....	25	176,500	23	195,250	27	553,900
15,630	Maryland.....	129	3,631,971	177	3,777,804	112	2,028,189
3,595	District of Columbia..	35	280,463	41	212,694	32	896,852
293,862	Total Middle States..	2,271	35,368,988	2,498	45,865,840	2,592	112,856,060
	SOUTHERN STATES.						
14,499	Virginia.....	223	1,750,737	270	7,646,023	193	2,415,254
8,177	West Virginia.....	77	548,783	66	751,327	66	605,560
9,311	North Carolina.....	113	969,961	169	1,044,113	170	1,241,621
6,726	South Carolina.....	111	1,053,774	119	1,428,578	102	877,065
10,552	Georgia.....	215	1,872,763	212	2,566,235	238	3,412,571
4,334	Florida.....	78	603,302	49	366,103	44	670,534
9,018	Alabama.....	118	1,878,716	39	1,017,135	68	1,453,311
8,276	Mississippi.....	173	1,127,102	157	998,150	155	3,001,254
10,635	Louisiana.....	205	2,780,313	215	5,035,411	184	5,408,916
18,381	Texas.....	507	5,313,727	368	3,394,460	493	4,365,375
7,627	Arkansas.....	100	1,178,051	94	818,325	121	1,149,164
21,873	Kentucky.....	275	2,444,040	276	1,941,589	219	2,063,265
12,605	Tennessee.....	154	1,679,639	282	1,806,619	238	1,654,861
142,014	Total Southern States	2,349	23,201,508	2,346	28,814,068	2,291	28,318,557
	WESTERN STATES.						
66,812	Ohio.....	489	4,279,101	588	5,570,728	552	9,710,039
	Cincinnati City.....	91	2,562,457	91	2,095,680	112	2,985,882
36,142	Indiana.....	235	2,739,089	293	2,435,528	304	5,775,113
64,922	Illinois.....	371	3,923,672	372	3,510,241	374	5,714,951
	Chicago City.....	275	4,263,684	312	2,348,612	329	6,946,986
33,599	Michigan.....	202	2,260,007	238	2,018,315	303	3,786,041
28,517	Wisconsin.....	188	1,940,167	169	1,259,006	170	4,252,470
30,102	Iowa.....	373	1,922,313	370	2,354,757	412	2,435,053
26,232	Minnesota.....	202	2,205,740	190	1,539,093	220	4,510,101
46,334	Missouri.....	164	994,897	182	928,006	191	997,041
	St. Louis City.....	69	847,035	71	790,100	85	5,849,456
22,560	Kansas.....	297	1,050,736	285	1,377,177	97	508,854
14,543	Nebraska.....	135	844,723	141	819,854	220	1,400,396
369,763	Total Western States.	3,091	29,842,615	3,302	28,047,097	3,369	54,872,983

<i>No. in Business in 1886.</i>	<i>STATES AND TERRITORIES.</i>	1886.		1885.		1884.	
		<i>No. Fail- ures.</i>	<i>Amount of Liabilities.</i>	<i>No. Fail- ures.</i>	<i>Amount of Liabilities.</i>	<i>No. Fail- ures.</i>	<i>Amount of Liabilities.</i>
421	PACIFIC STATES & TER.	—	—	—	—	—	—
5,732	Indian Territory.....	127	717,900	162	738,100	220	1,457,500
24,278	{ Oregon.....	343	1,544,000	447	2,631,700	353	2,411,400
	{ California.....	211	2,756,400	225	2,454,400	220	3,755,500
6,975	San Francisco City..	82	698,520	62	765,182	139	2,259,385
1,299	Colorado.....	12	134,800	25	328,500	23	196,800
2,509	Nevada.....	9	20,307	22	308,910	36	201,921
1,572	Utah.....	12	373,400	20	361,100	25	189,808
889	New Mexico.....	11	44,100	6	89,700	2	72,500
2,193	Wyoming.....	7	9,800	20	112,736	8	74,000
10,451	Idaho.....	100	765,973	88	404,890	117	729,642
2,698	Dakota.....	19	231,800	22	220,765	30	353,640
3,455	Montana.....	63	420,650	113	588,200	143	841,200
997	Washington.....	17	253,800	18	108,700	25	528,700
58	Arizona.....	—	—	—	—	—	—
	Alaska.....	—	—	—	—	—	—
63,527	To. Pacific States & T.	1,013	7,971,450	1,230	9,062,883	1,341	13,071,996
969,841	GRAND TOTALS....	9,834	114,644,119	10,637	124,220,321	10,968	226,343,427
72,680	Dominion of Canada...	1,252	10,386,884	1,256	8,861,609	1,327	19,191,306

FAILURES IN THE UNITED STATES FOR THIRTY YEARS—1857 TO
1886, INCLUSIVE.

<i>Year.</i>	<i>Failures.</i>	<i>Amount of Liabilities</i>	<i>Year.</i>	<i>Failures.</i>	<i>Amount of Liabilities</i>
1857	4,932	\$291,750,000	1872	4,069	\$121,056,000
1858	4,225	95,749,000	1873	5,183	228,499,900
1859	3,913	64,394,000	1874	5,830	155,239,000
1860	3,676	79,807,000	1875	7,740	201,000,000
1861	6,993	207,210,000	1876	9,092	191,117,000
1862	1,652	23,049,000	1877	8,872	190,669,936
1863	495	7,889,900	1878	10,478	234,383,132
1864	520	8,579,000	1879	6,658	98,149,053
1865	530	17,625,000	1880	4,735	65,752,000
1866	1,505	53,783,000	1881	5,582	81,155,932
1867	2,780	96,666,000	1882	6,738	101,547,564
1868	2,608	63,694,000	1883	9,184	172,874,172
1869	2,799	75,054,054	1884	10,968	226,343,427
1870	3,546	88,242,000	1885	10,637	124,220,321
1871	2,915	85,252,000	1886	9,834	114,644,119

THE VATICAN BUDGET.—The Vatican budget shows receipts of £240,000, of which £180,000 is revenue from the capital left by Pope Pius IX. Peter's pence during the past year amounted to only £60,000. The budget for the coming year shows a deficit of £60,000. The Pope has resolved to adopt further measures of retrenchment. The budget is regarded as a mute appeal to the Catholic world for financial support.

WASHINGTON LETTER.

WASHINGTON, January 31, 1887.

To the Editor of the BANKER'S MAGAZINE:

The House bill offered by Gen. Warner on the 20th of December, directing the investment in Government bonds of 90 per cent. of the lawful money deposited in the Treasury for the redemption of the notes of failed, liquidating and reducing banks, has been taken from the Committee on Banking and Currency, and sent to the Committee on Ways and Means. Both committees are understood to favor the general principle and object of the bill, and if it is brought to a vote in the House, it will undoubtedly be carried by a large majority. Since its introduction, Gen. Warner has proposed as a modification, that the Secretary of the Treasury may suspend the proposed investments in Government bonds, if their price is run up so high that the money required to purchase them will yield a return of less than two per cent. per annum.

If it turns out that a vote is reached in the House, and that the bill is passed by that body, it will be according to the usual course of things, that if it is passed at all by the Senate, it will be with amendments. The session is so near its close, that a final argument on the bill by both branches of Congress is very uncertain, to say nothing of the possibility that the President may veto it, or pocket it as he did the Morrison Resolution of the last session for the purchase of Government bonds.

It is clearly manifest that in many quarters there will be a stout opposition to any further reduction of the public debt. The National Board of Trade, which has been recently in session in this city, adopted and endorsed without dissent, resolutions proposed by the Cincinnati Board of Trade, that one thousand millions of the existing Government bonds ought to be changed into long two per cent. bonds. This can mean nothing else than that the \$250,000,000 of 4½s falling redeemable in 1891, instead of being then paid, shall be perpetuated in a new form of bonds. The whole amount of uncalled Government bonds, not including those issued for the Pacific railroads, is now only \$1,028,000,000, and of these the uncalled 3s, amounting to \$40,000,000, will be paid off by the end of this year.

Important measures in the direction of increasing pensions were passed in the House on the 17th of this month. One was a bill, originating in the House, in favor of the dependent parents of deceased soldiers of all the wars in which the country has been engaged, and of surviving soldiers of all wars, who are in indigent circumstances. The committee which reported this bill, estimate that it will cause an addition of \$4,767,120 to the Civil War annual pension payments, and that the total addition on account of all wars will be \$6,000,000. This estimate rests upon very insufficient data and is undoubtedly much too low. In the debate in the House, Gen. Warner expressed the opinion that the bill would add certainly not less than \$20,000,000 to the annual pension charges. Mr. Dudley, late Commissioner of the Pensions,

has expressed the same opinion. The substance of this bill was agreed to by the Senate during the last Congress, in the form of an amendment to a Mexican War Pension Bill, which then failed of becoming a law. The assent of the Senate to the present bill was therefore assured in advance, and it was promptly reported by the Pension Committee of that body with a recommendation that it be passed.

The other thing done in the House on the 17th instant, was to agree to the Senate amendments to a Mexican War Pension Bill, thus finally disposing of the measure so far as Congress is concerned. The Pension Office estimate of the annual charge which it will impose upon the Treasury is \$5,000,000. It is very likely to be more than that, but approximately correct calculations are possible in respect to the cost of Mexican War pensions.

The action of the House on the 17th instant must considerably reduce the estimates of the surplus revenue hereafter to accrue, and the list of large extra appropriations which may possibly be made, is by no means exhausted. Senator Blair's Education Bill and the Arrears of Pensions bill, are measures which are still pending, as are also large projects of fortifications, big guns and ships of war. \$100,000,000, and possibly twice that, for a Nicaragua canal, is another thing impending over the country. It is said that a majority, although not two-thirds of the last Senate, was in favor of ratifying the treaty negotiated by President Arthur for the construction of that canal by the Government of the United States. There are many reasons for believing that a majority of the present Senate is similarly inclined, and it is impossible to deny that there is a good deal of popular inclination towards such a policy. Nobody believes that individual capitalists will invest in the enterprise. Whenever it is undertaken, it will require cash from the Treasury, inasmuch as it is certain that neither Congress nor the country will ever sanction the issue in time of peace, of bonds upon which the United States is either principal or surety, or the guarantor of the payment of interest.

There is still a continuing effort here in various quarters, to contrive some scheme of reducing the revenues which will command concurring majorities in the Senate and House. As predicted in my letter printed in the last number of the Magazine, Mr. Morrison declines to participate in framing a new bill, after the defeat of the measure which he proposed in December, and no movement looking to a new bill has been made in the Ways and Means Committee, which seems inclined to let other people try their hands in the business, and is probably more disposed to impede than to facilitate their success. But there are numerous members of the House who are active in framing and submitting bills to take off or reduce taxes. To say nothing of the many bills of that kind coming from individuals, it is an open secret that the Democratic protectionists, commonly spoken off as the Randall Democrats, have been constantly conferring with such members from the South as are specially desirous of repealing the tobacco and whiskey taxes, one or both, with the view of devising a measure upon which their forces can be combined. It is also an open secret that they have finally succeeded in agreeing upon a bill, of which the main features are an absolute repeal of the tobacco taxes; some modifications of the spirit taxes, such as removing the excise on fruit

brandies; and a few minor changes in the tariff, such as reducing the duty on iron and steel rails from \$17 to \$12 or \$13 per ton, and repealing the duties entirely on jute butts, and on unmanufactured lumber in the form of round or sided logs. Altogether, the reduction of revenue expected from the measure is between \$50,000,000 and \$55,000,000, and the plan is now understood to be, to launch the project this week, perhaps to-morrow, in the form of a motion that the House go into Committee of the Whole to consider revenue bills. If that motion is carried, the Committee of the Whole must take up the pending bills of that character in their order on the calendar, the first one being that of Mr. Morrison, which the House refused to consider in December. The Committee may, if it pleases, determine to set aside, one after another, all the revenue bills, until it can reach and take up the one agreed upon in the conferences of the supporters and allies of Mr. Randall. Assuming all that to be done, he cannot expect a success unless he receives the co-operation of the great body of the Republican members, about which there is some uncertainty.

This method of proceeding opens the whole field of possible motions to amend, which is a very large field, inasmuch as it covers every one of the tariff and excise taxes. Weeks may be consumed, if a disposition to procrastinate and stave off exists among any considerable number of members of the House.

If the developments of the present week do not justify the hope of succeeding on the line of tactics sketched above, it is understood that a motion will be made next Monday to suspend the rules and pass a resolution to act under the operation of the previous question, upon a bill to repeal the taxes upon tobacco and upon the licenses to dealers in spirits, and embracing no other feature. Such a bill will strike from the annual revenues about \$33,000,000, and for the first year four or five million dollars in addition, which will be required to refund taxes already paid upon tobacco which shall not have passed into consumption at the date of the proposed repeal of taxes. It will require a two-thirds vote to suspend the rules for the purpose of passing a resolution to act under the previous question upon such a bill, but if a two-thirds can be obtained, the House can be brought to a summary decision upon the measure, all motions to amend it being cut off. It is among the possibilities that the two-thirds needed to suspend the rules can be mustered, not because even a mere majority of the House would select tobacco and licenses to spirit dealers as the most proper things to be relieved from taxation, but because a great many members think they can justify themselves in repealing those taxes, if it seems to be the only way in which any reduction of the revenues can be effected during the short remaining term of the present Congress.

The latest news at this writing is to the effect that the movement to reach action upon the revenue reduction bill agreed upon by the conferences of the Randall men, will be postponed for three or four days, so as to give time to make an effort to bring the Randall and Morrison wings of the Democratic party to unite upon some new compromise measure. It is generally believed, however, that the effort to bring about such a union will prove a failure, although it is understood that Speaker Carlisle favors it.

It is known that the great distillers of the West, who are sometimes reported to be opposed to any meddling with the whiskey tax, are in fact moving very vigorously here to repeal the tax altogether, or at any rate, to exempt from it spirits used in the arts.

INQUIRIES OF CORRESPONDENTS.

ADDRESSED TO THE EDITOR OF THE BANKER'S MAGAZINE.

I. CERTIFICATE OF DEPOSIT AS AFFECTED BY STATUTE OF LIMITATIONS.

In August, 1879, A. B. deposited \$1,000 in a certain National bank in this State, and received in return a certificate of deposit for the amount which was to remain on deposit for six months when the deposit would draw interest at the rate of 7 per cent., the certificate reading as follows:

A. B. has deposited in this bank one thousand dollars, payable to the order of himself (in six months with 7 per cent. interest) on the return of this certificate properly endorsed.

C. D. CASH.

The words "himself in six months with 7 per cent. interest" were written in a blank space for that purpose. Shortly after making this deposit the depositor went West, and not having use for the money kept the certificate supposing it would draw interest as long as it remained on deposit. A short time ago he sent the certificate for collection, and when same was presented at the bank, payment was refused, the bank claiming the certificate was outlawed and it was void as against the bank. Afterward, however, they offered to pay the certificate with interest for six months only which the holder refused and demanded payment in full, principal and interest to date. What we wish to know is this: "Does a certificate of deposit outlaw in this State, and if not, cannot interest be collected from date of same until date of payment when written as the one in question?"

REPLY.—This is a peculiar case, and we consider the answer to it doubtful. The ordinary rule is that a certificate of deposit stands in relation to the Statute of Limitations, like an ordinary deposit account; and that the statute does not begin to run against it until after demand of payment upon the bank. *Skute v. Pacific Nat. Bank*, 136 Mass., 487; *Fells Point Savings Inst. v. Weeden*, 28 Md., 320; *Bellows Falls Bank v. Rutland County Bank*, 40 Vt., 377. If, therefore, this certificate were payable "on the return" thereof, without more, we should have no doubt that it would not be outlawed until six years after demand of payment upon the bank. The form of the certificate, however, is peculiar. It is payable "in six months," which would ordinarily mean six months after date; and so may be said to be payable on a day certain, in which case the statute would begin to run immediately after the day of payment. Upon that construction the certificate is outlawed. If the word "in" can be construed to mean after, the certificate would be payable on the return thereof properly indorsed after the expiration of six months from its date, and the statute would not begin to run until after a demand made after the expiration of the six months: and this is the construction we should be inclined to give it, as the one most likely to carry out the intent of the parties. Whether the Courts of Minnesota, where the case arises, will so construe it is at least doubtful. If not outlawed we have no doubt that the certificate will bear interest at 7 per cent. until the day of payment.

II. DEMAND OF PAYMENT BY NOTARY'S CLERK OR PROXY.

If the point as to whether a notary may make a demand of payment by proxy has been legally decided, will you refer to it in your February or March number, and greatly oblige many bank notaries and the writer in particular?

REPLY.—This point, as involved in the protest of foreign bills of exchange, has given rise to much discussion. See Daniel on Negotiable Instruments, § 579 *et seq.*, and cases cited. In § 581 he states the law of the United States as follows: "The courts have almost, without dissent, held that at common law it is necessary that the notary *himself* should make the demand of a foreign bill; and that in order to establish the sufficiency of a demand by his clerk, a general custom, or a statutory enactment authorizing such practice must be proved." It has been decided in New York, and this is no doubt the law of the other States also, that the same rule applies to protests of inland bills and promissory notes. *Onondaga County Bank v. Bates*, 3 Hill 56.

In respect to these last, however, he observes, § 585, "that as no protest is necessary, and although no protest when relied on will be valid unless made by the notary in person, yet demand of payment of an inland bill of a promissory note may be made by a clerk, which will be sufficient as the foundation of notice from the notary or other person acting for the holder. But the testimony of the clerk would be necessary to show the due presentment, and the testimony of the notary or other party acting for the holder to show the transmission or service of the notice. *Hunt v. Maybee*, 3 Seld., 269.

In the absence of a statute, or a well established custom in the State where the inquirer resides, it must be taken, therefore, that a demand of payment by proxy is insufficient.

STATISTICS OF THE ST. LOUIS CITY BANKS.—5 National banks on the 28th December, 1886, 17 State banks on the 3d January, 1887, compared with statement of December, 1885:

	Dec., 1886.	Dec., 1885.	DIFFERENCES.
Capital and surplus	\$14,941,771	\$14,653,652	.. Increase, \$ 288,119
Deposits payable at specified dates ..	9,200,334	9,557,253	.. Decrease, 356,929
" on demand to individuals 28,339,470			
" to banks.....	9,561,593	34,676,901	.. Increase, 3,624,162
National bank circulation.....	726,990	728,440	.. Decrease, 1,450
Liabilities.....	\$63,170,158	\$59,616,246	.. Increase, \$3,553,912
Bonds to secure circulation.....	810,000	810,000	.. .....
Good loans and bonds.....	45,241,095	42,881,915	.. Increase, 2,359,180
Cash, checks and exchange.....	8,229,578	7,012,175	.. Increase, 1,217,403
Cash, gold, \$1,828,787.....			
Cash, currency, 5,998,731.....	7,827,518	7,857,080	.. Decrease, 29,562
Real estate and fixtures.....	1,061,967	1,055,056	.. Increase, 6,911
Assets.....	\$63,170,158	\$59,616,246	.. .....
			\$3,553,912

Compiled, unofficially, by E. Chase, Manager Clearing House.

BANKING AND FINANCIAL ITEMS.

WE HAVE always sought in this department of the magazine to give such information of a more personal kind relating to banks and bankers as we have supposed would be useful and interesting to them. For their kindness in furnishing many of these items we are grateful. Although our list of exchanges is large, we cannot get all even from this source, and so we must continue to depend on our friends to some extent at least in the future. We fully appreciate their kindness in this regard, and shall be glad to use as freely as possible all items of this nature that may come to our knowledge.

DIVIDING WITH EMPLOYEES.—The proprietors of the *Boston Post* have resolved to give their employes a portion of the profits of the year, and they express the hope that they may be able to make this incident the basis of their future policy. The division will be in proportion to earnings.

COMPROMISE ON SILVER COINAGE.—Mr. St. John, the President of the Mercantile National Bank of this city, in a recent speech before the Commercial Club of Providence, R. I., intimated that a compromise measure between the silver and the anti-silver men was about to be introduced into Congress, providing as follows: (1.) That light-weight silver coin shall be redeemed by purchase at the Mint at a price per ounce equivalent to the legal tender valuation of the bullion in the coin, less the actual loss in weight. (2.) That a limit shall be immediately fixed to the investment of the Government in silver bullion for the purpose of coinage into silver dollars under the act of 1878, which limit shall permit the continuance of such coinage until the aggregate amount of silver coinage, legal tender and subsidiary, shall be \$500,000,000. (3.) That the Government purchases of silver are then to cease, and the mints of the United States are to be open to the free coinage of silver dollars. Mr. St. John raises the question whether the United States, under such a compromise, can "maintain in domestic circulation, by coin and certificate, concurrently with gold, legal tender and subsidiary silver money to the amount, in all, of \$500,000,000, with the bullion weight of silver in the dollar having a market value, as compared with gold, fluctuating anywhere between seventy and one hundred cents."

PROPOSED EXTERMINATIVE TAX ON DEALINGS IN "FUTURES."—Members of the Stock, Produce, Cotton, Petroleum and other commercial exchanges have a lively interest in a bill now in the hands of the Committee on Commerce, House of Representatives, numbered H. R. 10,650, "to regulate speculative transactions in farm products, and for other purposes." Mr. Clifton R. Breckinridge, of Arkansas, is the author of the bill, which is intended to throw red hot chain shot into the ranks of bulls and bears. It proposes to make unlawful "the business of buying or selling for future delivery any agricultural, mechanical or commercial commodity" without a license, and licenses to sell futures must be paid for at the following rates: Cotton, \$10,000 and \$1 per bale; wheat, \$10,000 and 3 cents per bushel; other cereals \$10,000 and 2 cents per bushel; smoked hog products, \$10,000 and 2 cents per pound; pork or beef, \$10,000 and 1½ cents per pound; coal oil and its products, \$10,000 and 2 cents per gallon; whiskey or any other spirits, \$10,000 and 10 cents per gallon; stocks, bonds or notes, \$100,000 and 5 per cent. of face or par value of such stocks or bonds sold or bought. Dealers are to make returns under oath and under bonds to make true returns, and are punishable for offering to do business without license by five times the amount of the license fee and imprisonment not exceeding five years. We are not advised as to the likelihood of a favorable report on the bill by the Committee on Commerce.

BILL FOR LENDING THE NATIONAL REVENUE—Congressman Scott, of Pennsylvania, has introduced the following bill for the distribution of the National revenue by loans at the discretion of the President, at the rate of not less than 2 per cent. interest to a certain class of National banks and upon the conditions and terms specified in the bill.

SECTION 1.—That the Secretary of the Treasury be and he is hereby authorized, with the approval of the President of the United States, to deposit at his discretion, from time to time, in the National banks of the United States doing business in the cities of Boston, in the State of Massachusetts; New York, in the State of New York; Philadelphia, in the State of Pennsylvania; Baltimore, in the State of Maryland; Charleston, in the State of South Carolina; New Orleans, in the State of Louisiana; Galveston, in the State of Texas; Louisville, in the State of Kentucky; Cincinnati, in the State of Ohio; St. Louis, in the State of Missouri; Detroit, in the State of Michigan; Milwaukee, in the State of Wisconsin; Chicago, in the State of Illinois; St. Paul, in the State of Minnesota, and San Francisco, in the State of California, any surplus money in the Treasury of the United States not otherwise appropriated, or which, in their judgment, is not required to meet the immediate maturing obligations of the Government, upon the following terms and conditions.

SEC. 2.—That such deposits, if made as herein provided, shall only be made in the National banks in the cities aforesaid, which have paid a dividend of not less than 5 per cent. per annum for five consecutive years and which shall have accumulated on the 1st day of January, 1887, a surplus reserve over and above the capital stock of such banks, of not less than 20 per cent. of the par value of the capital stock of such banks. The Secretary of the Treasury, with the approval of the President of the United States, is authorized to deposit in such banks from time to time such surplus moneys as herein specified, to an amount not exceeding sixty per cent. of the par value of the capital stock of such bank or banks, such deposits to be subject to call or sight drafts from time to time drawn by the Treasurer of the United States under the direction of the Secretary of the Treasury.

SEC. 3.—That such bank or banks in which such deposits are made shall pay interest at the rate of not less than 2 per cent. per annum during the period that such deposits remain in such bank or banks, subject to call as herein provided, and any and all deposits so made in pursuance of this act, in any such bank or banks shall be a first lien upon all the assets of such bank or banks, except the outstanding National bank-notes of such bank or banks in which such deposits are made and which may fail to pay the draft or drafts of the Treasurer of the United States at sight as herein provided; and the said draft or drafts of the Treasurer of the United States shall be a receipt or receipts in full to such bank or banks paying the same to the extent of the money so drawn from such bank or banks.

SEC. 4.—This act shall remain in full force and effect until the 1st day of January, 1889, after which date it shall become null and void, and no further deposits as herein provided shall be made in pursuance hereof after that date, and all deposits made under the provisions of this act in such bank or banks and not drawn out of such bank or banks, as herein provided, on or before January 1, 1889, shall be drawn out of such bank or banks by the Treasurer of the United States on or before the 1st day of July, 1889, and deposited in the Treasury or the Sub-Treasuries of the United States.

SEC. 5.—That the provisions of Section 1 of this act shall not become operative until all bonds now outstanding, known as 3 per cent. extended bonds of the United States, shall have been called in for redemption.

SEC. 6.—All acts or parts of acts inconsistent with this act are hereby repealed.

EXAGGERATED ESTATES.—When Francis Palms, the great lumber king of Michigan, died at Detroit, his estate was estimated at from \$15,000,000 to \$17,000,000. When the will was probated the estate was found to amount to a fraction over \$7,000,000—a very large property, but not one-half the original estimate. When O. J. Hale, of this city, died, his estate was estimated at from \$200,000 to \$250,000, but when the will was probated all of the city reporters declared that the figures would reach \$800,000 or \$1,000,000. This result was considered the more surprising, inasmuch as Mr. Hale was never taxed on more than \$60,000 of property.

THE WINFIELD MORTGAGE AND TRUST COMPANY is an institution lately organized at Winfield, Kansas, for the purpose of negotiating Western farm mortgages, receiving deposits, receiving and handling trust funds, buying and selling bonds and mortgages, and doing a general business in commercial paper. It has a paid in capital stock of \$100,000. Its officers are M. L. Robinson, President; W. R. McDonald, Vice-President; F. C. Flint, Secretary, and W. C. Robinson, Treasurer. The company is closely connected with the First National Bank of Winfield, Kansas, whose Vice-President and Cashier are respectively, President and Treasurer of the company. It succeeds the old established loan business of M. L. Read and M. L. Robinson, founded in Cowley county, in 1872, and run in connection with Read's Bank, which was not long ago changed to the First National Bank of Winfield, Kansas. The company is composed of some of the most reliable and solid business men of Southern Kansas, who have had years of practical experience in the business for which the company is organized, together with several leading Eastern capitalists, and presents many inducements for investments by Eastern investors.

MR. JAMES B. PINNEO, President of the National Newark Banking Company, the oldest financial institution in that city, has died in the eighty-first year of his age. In 1854 he succeeded Mr. John Taylor as President of the Newark Banking Company, in which he had already served as a director since 1842, and held the office uninterruptedly till the day of his death. He was also one of the founders of the Howard Savings Institution, which has successfully weathered every storm and now stands foremost in public confidence. He was always distinguished for his strong religious faith and public-spirited benevolence. He was the chief founder and leading elder of the High Street Presbyterian Church, which he sustained by his wealth and influence. He was also one of the Trustees of the old Wesleyan Institute, though not connected with the communion which established it. He was one of the founders and supporters of the Newark Library and Historical Societies, and also a member of the Common Council of 1852, and was instrumental in the establishment of the present Centre Market.

GAMBLING SUIT.—Once more we are judicially informed that gambling combinations, such as are made at Chicago, under the guise of commerce, are illegal. In 1880, Jas. R. Keene and N. G. Miller formed a pool, in Chicago, to raise the price of lard. A large sum was realized. The principals charged their brokers with increasing commissions by fictitious sales, and called for an account. The brokers turned round and pleaded that, the transactions being in the nature of gambling, they could not be called upon to account. Judge Daniels of the Supreme Court has decided that this contention is valid. The ramifications of these Chicago operations are very wide. They extend to the Atlantic cities of the States, to Canada, to England. It may be as well for the gamblers to bear in mind that a judge of the Supreme Court of Illinois holds that combinations to keep articles of food and other necessities out of the market, with a view of raising the price, are illegal conspiracies, punishable as crimes.—*Toronto Monetary Times*.

VIRGINIA.—A correspondent of the *New York Times*, in a letter dated from Lynchburg, says: One of the telling indications of business healthfulness that is exhibited in the State comes out in the statements which just at this season are being made at the annual meeting of the shareholders of banking institutions. Let this one instance serve as an example. The Planters' National Bank of Richmond, of which James B. Pace, who has a long line of social and business friends in New York, is President, shows that to its capital of \$300,000 it has added a surplus of \$285,000, close upon 100 per cent., while the clear net earnings for the year rose above 25 per cent. Banks do not do such things when dullness looms up all around. Mr. Mann S. Quarles, Cashier of the Planters' National Bank, is his authority for saying that the people of the State have gone to patronizing savings institutions in a liberal fashion. The number of depositors and the amount of deposits both show marked increases. This tendency to providence is one of the most cheering indications that attends the changed condition of things. And "the new South" can claim especial right to this title that it is glorying in, for not the white man only, but the negro as well is piling up the dimes and the dollars in the treasuries of Virginia savings banks. The rainy day that aforetime was to look out for itself is now discounted and prepared for—now when there isn't half the danger in it that there used to be.

NEW SAVINGS BANK.—Bank Superintendent Willis S. Paine has issued a certificate to 18 prominent citizens of Amsterdam, in the county of Montgomery, authorizing them to open an office for the deposit of savings, subject to the provisions of the general banking laws of the State. At present there is not a savings bank in operation in the entire county.

MASSACHUSETTS SAVINGS BANKS.—There are some interesting features in the annual report of the Massachusetts savings banks. The deposits now reach the very large amount of \$291,197,900, or, in round numbers, three hundred millions. There has been a very steady movement during the year. The number of open accounts has increased 6.7 per cent. and the amount of deposits by a little less than 6 per cent., showing a slight but perceptible tendency toward an increase in small accounts, always an encouraging sign. The amount of the withdrawals has been in about the same ratio as the increase in deposits, 6 per cent., but the number has been relatively decidedly less, having increased by only 1.3 per cent. The earnings have been in pretty nearly the same ratio as last year. Considering the extent of the labor troubles in Massachusetts the showing is an extremely encouraging one, not in any marked advance, but in the regularity of such advance as there has been.

AN UNMISERLY MISER.—It is very seldom, even in the curious history of litigated wills, that such a revelation occurs as was made in the Surrogate's Court. It came out that the late James H. Paine had left with a friend, who afterward became the Administrator of his estate, a package which the custodian supposed to consist of private papers. This package remained in the custody of his friend for many years during the lifetime of the depositor. Only once, and then some ten years after the deposit was made, did he inquire about its safety. After his death the package was opened and found to contain more than \$350,000 in bills, of which more than \$340,000 were still current. We believe that this performance is unparalleled. Misers often keep their hoards in unlikely places, but they always keep them where they are accessible, and in all the stories of misers the chief joy of the miser is to count his money. In this case the miser gave his hoard into the keeping of a friend, and apparently ceased to trouble himself about it, himself living meanwhile by begging and in apparent poverty. The honorable conduct of Mr. Chickering is not so unusual, we may be thankful to say, as the recklessness of Mr. Paine about his money, but it was remarkable. There was nothing, so far as appears, to prevent Mr. Chickering from putting in his own pocket a fortune of \$350,000 without exciting even a suspicion that he had it or had had it in his possession. The current estimate of the dead man's estate was about one-seventh of that amount. Many honest men would be anxious to be preserved from such a temptation as that, which does not seem to have presented itself to Mr. Chickering as a temptation at all.—*New York Times.*

The reports of the New York Clearing-house returns compare as follows:

1887.	Loans.	Specie.	Legal Tenders.	Deposits.	Circulation.	Surplus.
JAN. 8.	\$343,479,300	\$85,509,300	\$21,812,200	\$370,138,900	\$7,806,800	\$14,786,675
" 15.	348,067,700	88,088,000	24,070,700	374,187,600	7,872,200	18,611,800
" 22.	351,448,300	89,578,500	24,013,100	380,060,900	7,865,400	18,796,375
" 29.	353,051,000	92,851,600	25,187,300	382,961,800	7,825,000	22,298,450

The Boston bank statement is as follows:

1886.	Loans.	Specie.	Legal Tenders.	Deposits.	Circulation.
DEC. 31.....	\$142,576,800	\$10,534,100	\$3,337,600	\$107,625,800	\$13,131,900

1887.	Loans.	Specie.	Legal Tenders.	Deposits.	Circulation.
JAN. 8.....	144,022,200	11,303,400	2,990,000	108,868,900	13,126,800
" 15.....	145,574,200	10,984,400	3,141,700	110,814,700	13,013,700
" 22.....	145,919,500	10,926,400	3,392,200	110,831,700	12,627,400

The Clearing-house exhibit of the Philadelphia banks is as annexed:

1886.	Loans.	Reserves.	Deposits.	Circulation.
DEC. 31.....	\$85,998,400	\$29,113,900	\$83,995,200	\$4,023,750
1887.				
JAN. 8.....	86,324,200	22,210,400	84,050,400	4,018,750
" 15.....	86,335,600	22,806,600	83,965,400	4,013,750
" 22.....	85,906,200	22,464,000	83,718,350	4,030,750
" 29.....	85,436,800	22,806,300	82,922,000	4,012,500

NEW BANKS, BANKERS, AND SAVINGS BANKS.

(Monthly List, continued from January No., page 551.)

<i>State.</i>	<i>Place and Capital.</i>	<i>Bank or Banker.</i>	<i>Cashier and N. Y. Correspondent.</i>
ALA...	Eufaula.....	East Alabama Nat'l B'k..	.....
	\$59,000	Allen H. Merrill, <i>Pr.</i>	John P. Fay, <i>Cas.</i>
"	Sheffield.....	First National Bank.....	.....
	\$100,000	Chas. D. Woodson, <i>Pr.</i>	T. L. Benham, <i>Cas.</i>
DAK....	Tyndall.....	Security Bank.....	Chase National Bank.
	\$25,000	Joseph S. Wheeler, <i>Pr.</i>	Marshall P. McArthur, <i>Cas.</i>
D. C....	Washington....	Columbia National Bank.	.....
	\$250,000	Brainard H. Warner, <i>Pr.</i>	.....
GA....	Forsyth.....	W. T. Maynard & Co....	Mercantile National Bank.
	\$50,000		Preston B. Maynard, <i>Cas.</i>
"	Savannah.....	The Oglethorpe S. & T. Co.	.....
	\$37,500	J. J. Dale, <i>Pr.</i>	John M. Bryan, <i>Cas.</i>
ILL....	Chicago.....	Van Zandt & Haskins....	Chase National Bank.
"	Lincoln.....	German-American N. B..	Ninth National Bank.
	\$50,000	Adolph Rimerman, <i>Pr.</i>	Louis C. Schwerdtfeger, <i>Cas.</i>
"	Paoli.....	Orange County Bank....	National Park Bank.
		J. C. Porter, <i>Pr.</i>	Wm. A. Salter, <i>Cas.</i>
"	South Chicago.	Merchants' Exchange B'k.	American Exchange Nat'l Bank.
			Clark P. Wilder, <i>Cas.</i>
"	Springfield....	Sangamon Loan & Tr. Co.	.....
	\$60,000	John L. Davis, <i>Pr.</i>	Geo. H. Souther, <i>Treas.</i>
"	Wenona.....	First National Bank.....	.....
	\$50,000	Lewis J. Hodge, <i>Pr.</i>	Chas. H. Fowler, <i>Cas.</i>
IND....	Pierceton.....	Froehly Bros.....	Kountze Bros.
IOWA...	Little Sioux....	Little Sioux Bank.....	Kountze Bros.
	\$10,000	(B. F. Freeman)	.....
"	Sutherland.....	First National Bank.....	Hanover National Bank.
	\$50,000	Benjamin Thompson, <i>Pr.</i>	Chas. H. Brintnall, <i>Cas.</i>
"	Wheatland....	John Guenther & Sons...	.....
KAN....	Atchison.....	United States Nat'l Bank.	Hanover National Bank.
	\$250,000	Geo. Storch, <i>Pr.</i>	F. W. Hunton, <i>Cas.</i>
"	Meade Center...	Farm. & Stock Growers' B.	First National Bank.
	\$40,000	Oscar B. Hamilton, <i>Pr.</i>	Ormond Hamilton, <i>Cas.</i>
"	Nicodemus....	Bank of Nicodemus.....	Corbin Banking Co.
			Abraham S. McPherson, <i>Cas.</i>
"	St. John.....	St. John B'k & Supply Co.	.....
"	Winfield.....	The Winf'd Mort. & Tr. Co.	Gilman, Son & Co.
	\$100,000	M. L. Robinson, <i>Pr.</i>	W. C. Robinson, <i>Cas.</i>
KY....	Campbellsville..	Bank of Campbellsville..	.....
	\$50,000	John H. Chandler, <i>Pr.</i>	John N. Turner, <i>Cas.</i>
MICH...	Detroit.....	Fidelity Loan & Tr. Co..	.....
	\$30,000	David Preston, <i>Pr.</i>	F. B. Preston, <i>Treas.</i>
"	Lansing.....	Ingham Co. Savings B'k.	Chase National Bank.
	\$50,000	H. H. Smith, <i>Pr.</i>	M. D. Todd, <i>Cas.</i>
"	Escanaba.....	Delta County Bank.....	Mercantile National Bank.
		(Greenhoot Bros.)	.....
"	Ransom.....	Sheldon & Meacham....	Chase National Bank.
MINN...	Buffalo.....	C. E. Oakley & Co.....	Nassau Bank.
	\$25,000		.....
"	Duluth.....	Union National Bank....	.....
	\$500,000	J. J. P. Odell, <i>Pr.</i>	H. A. Ware, <i>Cas.</i>
"	St. Paul.....	Graves & Vinton.....	National Bank of Republic.
MISS...	Tupelo.....	Bank of Tupelo.....	Continental National Bank.
	\$55,000	Richard C. Clark, <i>Pr.</i>	Hugh A. Kincannon, <i>Cas.</i>
MO....	Independence...	Bank of Independence....	Chemical National Bank.
	\$80,000	J. D. Wood, <i>Pr.</i>	W. S. Wells, <i>Cas.</i>
"	Urich.....	Bank of Urich. (J. A. Wells & Son.)	.....

<i>State.</i>	<i>Place and Capital.</i>	<i>Bank or Banker.</i>	<i>Cashier and N. Y. Correspondent.</i>
NEB....	Beaver City....	First National Bank.....	Hanover National Bank.
" ..	Merna.....	\$50,000 Albert Fisher, <i>Pr.</i> Allen B. Edee, <i>Cas.</i>	Hanover National Bank.
" ..	O'Neill.....	\$10,000 Bank of Merna.....	D. E. Johnson, <i>Pr.</i> Jay F. Price, <i>Cas.</i>
" ..	Ponca.....	Elkhorn Valley Bank....	(McClure, Hagerty & Gardiner.) Kountze Bros.
" ..	South Auburn..	\$50,000 First National Bank....	Geo. W. E. Dorsey, <i>Pr.</i> F. M. Dorsey, <i>Cas.</i>
" ..	Long Branch...	\$60,000 Carson National Bank....	John L. Carson, <i>Pr.</i> Andrew R. Davison, <i>Cas.</i>
N. J....	Atlantic City...	Second National Bank...	Geo. F. Currie, <i>Pr.</i> J. G. Hammer, <i>Cas.</i>
" ..	Camden.....	N.J. Trust & Safe Dep.Co.	Alexander G. Cattell, <i>Pr.</i> Edward S. Hall, <i>Treas.</i>
" ..	Long Branch...	\$50,000 Long Branch City Bank..	Rufus Blodgett, <i>Pr.</i> John Terhune, <i>Cas.</i>
N. Y....	Brooklyn.....	City Savings Bank.....	David Boody, <i>Pr.</i> Remsen Rushmore, <i>Sec.</i>
" ..	Schenevus.....	Chesters Bkg. & Ex. Office.	H. Chester, <i>Cas.</i>
" ..	W. N. Brighton	Richmond Co. Sav. B'k..	Monroe Eckstein, <i>Pr.</i> Robt. Moore, <i>Cas.</i>
OHIO...	Arcanum.....	Farmers & Mer. B'k'g Co.	John Smith, <i>Pr.</i> Edwin M. Tausey, <i>Cas.</i>
" ..	Columbus....	\$30,000 Franklin Saving Bank....	Albert Goldstein, <i>Pr.</i> S. A. Frank, <i>Cas.</i>
OREGON	Albany.....	Henry F. Merrill.....	Importers & Traders' Nat'l B'k.
S. C ...	Rock Hill.....	\$25,550 First National Bank.....	W. L. Roddey, <i>Pr.</i> W. J. Roddey, <i>Cas.</i>
TENN ..	Memphis.....	\$25,000 Security Bank.....	Robt. D. Frayser, <i>Pr.</i> Robt. J. Black, <i>Cas.</i>
" ..	Nashville....	\$150,000 Merchants Bank.....	John N. Sperry, <i>Pr.</i> James McLaughlin, <i>Cas.</i>
" ..	Sparta.....	\$50,000 First National Bank....	W. N. Cameron, <i>Pr.</i> J. N. Walling, <i>Cas.</i>
TEX....	Dallas.....	\$300,000 National Exchange Bank.	John N. Simpson, <i>Pr.</i> N. A. McMillan, <i>Cas.</i>
" ..	Farmersville...	\$50,000 First National Band.....	Allen H. Meathery, <i>Pr.</i> Leonard E. Bumpass, <i>Cas.</i>
Wis. ...	West Salem...	\$1,500 Bank of West Salem....	(W. H. Graves & Co.) Wyatt H. Graves, <i>Cas.</i>
WYO. ..	Laramie City..	\$100,000 Albany Co. Nat'l B'k....	Ora Haley, <i>Pr.</i> Eli Crumrine, <i>Cas.</i>
MAN....	Winnipeg.....	Bank of British N. A....	D. A. McTavish & H. Stikeman, <i>Agents.</i>

INDICTING COUNTY ASSESSORS.—The attention of the Grand Jury of Wyoming county, New York, was called to the action of the town and village Assessors, asking why the attention of that body was not called by their foreman, a Warsaw salt manufacturer, to the two assessment rolls recently sworn to by these Assessors, with the idea of finding which board had perjured themselves in their oaths. A difference of nearly \$500,000 in the estimate of the two boards in a village of Warsaw's size, with only a month elapsing between the two estimates, was something unusual, and demanded investigation, as property could not fluctuate 25 to 50 per cent. in 30 days. The difference in the estimated property of 13 wealthy citizens was shown to be \$102,465. The Grand Jury have indicted the Assessors, the body being almost unanimous in its finding.

WHAT FOREIGN CAPITAL IS DOING FOR SPAIN.—Despite political inquietude, the National revenue of Spain has doubled in the last thirty years, and since 1845 the foreign commerce of the country has increased from \$40,000,000 to \$330,000,000 annually. The causes of this wonderful improvement are to be found in the introduction of foreign capital to work the mines of the country and to aid in the development of railway facilities. And, in addition, the taxation system of Spain has been undergoing gradual improvement until it is to-day a sounder and more intelligent system than that of some of her former American colonies.

CHANGES OF PRESIDENT AND CASHIER.

(Monthly List, continued from January No., page 552.)

	<i>Bank and Place.</i>	<i>Elected.</i>	<i>In place of</i>
CONN...	Mercantile Nat. B'k, Hartford.	Chas. H. Field, <i>Ass't Cas.</i>	.....
"	Merchants' Nat'l B'k, Norwich.	J. Hunt Smith, <i>Pr.</i>	John Brewster.
DAK...	First National Bank, Canton.	Geo. Olson, <i>Ass't Cas.</i>	Hans Anderson.
GA.	Bank of Americus, Americus.	H. C. Bagley, <i>Cas.</i>	John Windsor.
"	Newnan Nat'l B'k, Newnan.	R. W. Andrews, <i>Cas.</i>	Jas. T. Kirby.
ILL.....	Continental National Bank, Chicago.	Douglass Hoyt, <i>Cas.</i>	John C. Black.
"	Metropolitan Nat. B., Chicago.	Ira P. Bowen, <i>Ass't Cas.</i>	Douglass Hoyt.
"	N. Western Nat. B'k, Chicago.	H. H. Hitchcock, <i>A. C.</i>	.....
"	First National Bank, Abingdon.	H. F. Dummer, <i>V. P.</i>	.....
"	"	M. C. Kimball, <i>Pr.</i>	J. B. Mackay.
"	"	J. B. Schritlin, <i>V. P.</i>	M. C. Kimball
"	"	H. B. Schritlin, <i>Ass't C.</i>	.....
"	First National Bank, Bloomington.	E. Thorp, <i>V. Pr.</i>	Geo. W. Funk.
"	"	C. W. Robinson, <i>Cas.</i>	E. Thorp.
"	"	C. B. Perrigo, <i>Ass't Cas.</i>	C. W. Robinson.
"	Champaign N. B., Champaign.	W. A. Heath, <i>Ass't Cas.</i>	.....
"	East St. Louis B'k, E. St. Louis.	Frank B. Bowman, <i>Pr.</i>	Henry Oebike.
"	Union National Bank, Macomb.	B. F. McLean, <i>Ass't C.</i>	J. D. Hixon.
"	First National Bank, Ottawa.	Wm. Cullen, <i>V. P.</i>	M. H. Smith.
"	Second Nat'l Bank, Rockford.	C. O. Upton, <i>V. P.</i>	R. P. Lane.
IND....	Decatur Nat'l Bank, Decatur.	P. W. Smith, <i>V. P.</i>	Henry Derker.
"	First National Bank, Elkhart.	C. H. Winchester, <i>Pr.</i>	J. R. Beardsley.
"	"	J. A. Cook, <i>Ass't Cas.</i>	.....
"	First National Bank, Fort Wayne.	John H. Bass, <i>Pr.</i>	O. A. Simons.*
"	"	W. Fleming, <i>V. Pr.</i>	John H. Bass.
"	First Nat'l Bank, South Bend.	E. S. Reynolds, <i>V. P.</i>	A. G. Cushing.
IOWA...	Atlantic National Bank, Atlantic.	H. M. Boorman, <i>Cas.</i>	C. McDaniels.
"	"	J. W. Winslow, <i>Ass't C.</i>	H. M. Boorman.
"	First National Bank, Brooklyn.	W. T. Holmes, <i>V. P.</i>	C. L. Foster.
"	Dubuque National Bank, Dubuque, Iowa.	D. D. Myers, <i>V. P.</i>	W. J. Knight.
"	"	T. P. Guernsey, <i>Ass't C.</i>	.....
"	Grundy Co. N. B., Grundy Cen.	J. L. King, <i>V. P.</i>	.....
"	First Nat'l Bank, Iowa Falls.	F. D. Peet, <i>Ass't Cas.</i>	.....
"	First National Bank, Ottumwa.	Geo. Haw, <i>V. P.</i>	.....
"	Commercial N. B., Waterloo.	Wm. Thompson, <i>A. C.</i>	.....
"	Hamilton Co. N. B., Webster C'y	Cyrus Smith, <i>Cas.</i>	John W. Funk, <i>Act.</i>
KAN....	First National Bank, Atchison.	D. C. Newcomb, <i>V. P.</i>	C. G. Foster.
"	U. S. Nat'l Bank, Atchison.	S. B. Glazier, <i>V. Pr.</i>	.....
"	First National Bank, Dodge City.	R. J. Hardesty, <i>V. P.</i>	.....
"	"	E. F. Kellogg, <i>Ass't Cas.</i>	.....
"	First National Bank, Oswego.	H. C. Cook, <i>Cas.</i>	F. C. Wheeler.
"	"	F. C. Wheeler, <i>A. Cas.</i>	H. C. Cook.
"	First National Bank, Phillipsburgh.	R. Rogers, <i>V. P.</i>	.....
"	"	W. D. Granger, <i>A. Cas.</i>	.....
KY.....	First Nat'l Bank, Louisville.	Thomas R. Sinton, <i>Cas.</i>	T. R. Sinton, <i>Act'g.</i>
"	The Western Bank, Louisville.	B. Frese, <i>Cas.</i>	Henry Hunter.
"	First National Bank, Paducah.	J. W. Bloomfield, <i>V. P.</i>	J. H. Gardner.
LA	Com. Nat'l B'k, Shreveport.	S. B. McCutcheon, <i>V. P.</i>	.....
"	State National Bank, N. O.	L. C. Keever, <i>V. Pr.</i>	.....
ME.....	First National Bank, Augusta.	C. S. Hickborn, <i>A. C.</i>	.....
"	First National Bank, Bangor.	Edward Stetson, <i>V. Pr.</i>	.....
"	So. Berwick N. B., S. Berwick.	John H. Plumer, <i>Pr.</i>	W. D. Jewett.
"	Merchants Nat'l B'k, Gardiner.	J. S. Bradstreet, <i>A. C.</i>	.....
"	First National Bank, Portland.	J. E. Wengren, <i>Cas.</i>	J. E. Wengren, <i>A. C.</i>
"	Nat'l Traders' Bank, Portland.	Wm. G. Davis, <i>Pr.</i>	F. G. Messer.
MD.....	First Nat'l B'k, Baltimore.	John W. Hall, <i>Pr.</i>	J. A. Sprigg.

* Deceased.

	<i>Bank and place.</i>	<i>Elected.</i>	<i>In place of</i>
MASS.	Freemans Nat'l B'k, Boston...	Wm. A. Rust, <i>Pr.</i>	John H. Rogers.
"	Massachusetts National B'k, Boston.	Chas. W. Perkins, <i>Cas.</i> ...	H. K. Frothingham.
"	Nat'l Security Bank, Boston...	Edward S. Hayward, <i>A. C.</i> ...	Chas. W. Perkins.
"	Old Boston Nat'l Bank, Boston.	S. K. Roberts, <i>V. Pr.</i>....	.....
"	Shoe & Leather National B. Boston.	T. F. Pratt, <i>A. C. till Apr. 1</i>	.....
"		J. Q. Henry, <i>Pr.</i>	Benjamin E. Cole.
"	Amesbury Nat'l B'k, Amesbury.	James C. Elms, <i>V. Pr.</i>...	.....
"	Holyoke Nat'l Bank, Holyoke..	G. E. Gale, <i>A. Cas.</i>.....	.....
"	Cape Cod Five Ct. S. B., Harwich	Geo. W. Prentiss, <i>Pr.</i>	William Whiting.
"	Hopkinton Nat. B., Hopkinton.	Edward E. Crowell, <i>Pr.</i> ...	Joseph K. Baker.*
"	Nat'l Exchange Bank, Salem..	Samuel Crooks, <i>V. P.</i>....	.....
"	Spencer Sav. Bank, Spencer...	Benj. Shreeve, <i>V. P.</i>....	.....
"	Ware National Bank, Ware...	C. T. Lindley, <i>Treas.</i> ...	A. T. Jones.
"	Union Market N. B., Watertown	Wm. H. Cutler, <i>A. Cas.</i>...	.....
"	Hampden Nat'l B'k, Westfield.	Geo. S. Parker, <i>A. C.</i>....	.....
"		James Noble, <i>V. P.</i>.....	.....
MICH.	First National Bank, Ann Arbor.	C. H. Richmond, <i>Pr.</i>	Philip Bach.
"	Farmers' National Bank, Constantine.	Philip Bach, <i>V. P.</i>	C. H. Richmond.
"		Chas. H. Barry, Jr., <i>Pr.</i> ...	Chas. W. Cond.
"		H. E. Moore, <i>V. P.</i>	John G. Schurtz.
"	Three Rivers N. B., Three Riv.	John G. Schurtz, <i>Cas.</i>	Chas. H. Barry, Jr.
"	First National Bank, Vassar...	C. W. Backus, <i>V. Pr.</i>	Henry Hall.
"		B. H. Weaver, <i>Ass't C.</i> ...	M. B. Slafter.
MO.	Com'cial B'k, Burlington June.	Edwin W. Fraser, <i>A. C.</i>...	.....
"	Exchange Nat'l B'k, Columbia.	John Hunton, <i>V. P.</i>	John M. Samuel.
"	Greene Co. N. B. Springfield..	J. D. Sheppard, <i>Cas.</i>	Chas. Sheppard.
NEB.	Bank of Omaha, Omaha.....	H. P. Jessen, <i>Cas.</i>	Thos. H. McCague.
"	First National Bank, Beatrice.	H. A. Lee, <i>Ass't Cas.</i> ...	J. Henderson.
"	First Nat'l B'k, Central City..	C. D. Chapman, <i>V. Pr.</i>...	.....
"	First Nat'l Bank, Humboldt...	A. T. Timmerman, <i>A. C.</i>...	.....
"	First National Bank, Minden..	G. L. Godfrey, <i>V. P.</i>	A. E. Finch.
"	First National Bank, St. Paul..	N. H. Maxen, <i>Ass't C.</i>...	.....
N. J.	Nat'l Newark Banking Co., Newark.	Chas. G. Rockwood, <i>Pr.</i> ...	Jas. B. Pinneo.*
"		Philip W. Crater, <i>Cas.</i> ...	Chas. G. Rockwood
N. Y.	Albany City Nat'l B'k, Albany.	Geo. I. Amsdell, <i>2d V. P.</i>	.....
"	First Nat. Bank, Baldwinsville.	W. Y. Morris, <i>V. P.</i>	A. K. Clark.
"	Fulton Bank, Brooklyn.....	Wm. H. Hazzard, <i>Pr.</i>	John Williams.
"	First Nat. Bank, Champlain...	James Averill, Jr., <i>Pr.</i> ...	Timothy Hoyle.*
"	Briggs National Bank, Clyde..	W. A. Hunt, <i>Ass't Cas.</i>...	.....
"	Delaware Nat. Bank, Delhi....	Walter G. Edgerton, <i>Cas.</i>	Walter H. Griswold
"	Second National Bank, Elmira.	D. M. Pratt, <i>Cas.</i>	Chas. R. Pratt.
"		Chas. R. Pratt, <i>V. Pr.</i>...	.....
"	N. Hudson River B., Hudson..	C. H. Evans, <i>V. P.</i>	Wm. J. Miller.
"	First Nat. Bank, Fishkill Ldg..	John T. Smith, <i>Pr.</i>	James Mackin.
"	Nat. Herkimer Co. Bank, Little Falls.	Zenas C. Priest, <i>Pr.</i>	Albert G. Story.
"		David H. Burrell, <i>V. P.</i> ...	Zenas C. Priest.
"	Merchants' Nat. B., Syracuse..	H. W. Plumb, <i>A. Cas.</i>...	.....
"	Nat. Bank & Loan Co., Watertown.	G. C. Sherman, <i>V. Pr.</i>...	.....
"		C. L. Parmelee, <i>Cas.</i>	G. C. Sherman.
"	First National Bank, Watkins.	John Knight, <i>Pr.</i>	Josiah D. Payne.
"		Wm. N. Love, <i>V. P.</i>	John Knight.
"	Vilas Nat. Bank, Plattsburgh..	N. Lapham, <i>V. Pr.</i>.....	.....
N. C.	Nat. Bank of Greensboro.....	Julius A. Gray, <i>Pr.</i>	Jesse H. Lindsay.
OHIO.	First National Bank, Ashland.	J. Cahm, <i>V. Pr.</i>.....	.....
"	First Nat'l Bank, Bridgeport...	Wm. Alexander, <i>V. P.</i> ...	A. Bramin.
"	First National Bank, Bucyrus..	John Kaler, <i>V. Pr.</i>	C. K. Ward.
"	City National Bank, Canton...	H. C. Ellison, <i>V. P.</i>....	.....
"	Union National Bank, Cincinnati.	G. F. Roots, <i>Pr. pro tem.</i>	H. W. Hughes.
"		H. W. Hughes, <i>V. P. pro tem.</i>	.....
"	Kenton Nat. Bank, Kenton....	W. H. Fleming, <i>Cas.</i>	Curtis Wilkin.
"	First Nat'l B'k, Mount Vernon.	H. A. Sturges, <i>A. C.</i>	D. W. Lambert.
"	Painesville N. B., Painesville..	C. O. Child, <i>V. P.</i>	Geo. H. Ford.
"	First National Bank, Warren..	Wm. K. Stiles, <i>V. Pr.</i>...	.....
OREGON	First National Bank, Albany.	L. Flinn, <i>Pr.</i>	John Conner.
"	Merchants' Nat B., Portland..	Geo. E. Chamberlain, <i>C. H. F.</i>	Merrill.
"		J. Loewenberg, <i>V. Pr.</i> ...	W. C. Johnson.

* Deceased.

	<i>Bank and Place.</i>	<i>Elected.</i>	<i>In place of</i>
PENN...	Metropolitan Nat. Bank, Philadelphia.	John Runnette, <i>Pr</i>	David R. McIntire.
		E. L. Clark, <i>V. Pr</i>	A. F. Keating.
		Geo. Seebick, <i>Cas</i>	Chas. A. Dravo.
	" .. N. W. Nat. B'k, Philadelphia.	Harry P. Crowell, <i>V. Pr</i>.....	.....
	" .. Philadelphia Nat. Bank, Phila.	J. L. Erringer, <i>P. Protm.</i>	.....
	" .. Produce Nat. B., Philadelphia.	John J. MacDonald, <i>V. P.</i>	.....
	" .. Third National Bank, Philadelphia.	Percy M. Lewis, <i>Pr</i>	David B. Paul.
	" .. First Nat'l B'k, Beaver Falls.	Fred H. Souder, <i>Cas</i>	Percy M. Lewis.
	" .. First National Bank, Du Bois.	J. T. Reeves, <i>Cas</i>	Patrick Robertson.
	" .. Nat. Bank of Middletown.....	Daniel North, <i>V. Pr</i>	C. H. Gordon.
S. C....	" .. First Nat'l Bank, Strasburg.	L. A. Brady, <i>A. Cas</i>	P. S. Weber.
	" .. First Nat. B., West Chester...	H. C. Stehman, <i>Cas</i>	D. W. Stehman.
	" .. Wakefield Nat. B., Wakefield.	Wm. Spencer, <i>Pr</i>	Joseph McClure.
	" .. Nat. Bank of Spartanburg.....	F. W. Wollerton, <i>Cas</i> ...	Enos E. Thatcher.
	" .. First National Bank, Sparta.	John E. Babcock, <i>Cas</i> ...	D. M. C. Stedman.
	" .. National Bank of Bristol.....	John R. Loudon, <i>V. Pr</i>.....	.....
	" .. First National Bank, Abilene.	W. E. Burnett, <i>Cas</i>	L. C. Cannon.
	" .. First National Bank, Bonham.	Richard Hill, <i>Pr</i>	W. N. Cameron.
	" .. Concho Nat. B'k, San Angelo.	W. N. Cameron, <i>V. Pr</i>.....	.....
	" .. Gainesville National Bank, Gainesville.	John A. Caldwell, <i>Cas</i> ...	James W. Carr.
TEXAS.	" .. First National Bank, Montague.	J. A. Parramore, <i>Pr</i>	C. W. Merchant.
	" .. First National Bank, Bonham.	J. A. Barnard, <i>Act'g Cs.</i>	.....
	" .. Concho Nat. B'k, San Angelo.	R. B. Talbert, <i>Act'g Cas.</i>	Geo. E. Webb.
	" .. Gainesville National Bank, Gainesville.	C. C. Hemming, <i>Pr</i>	James M. Lindsay.
	" .. First National Bank, Montague.	C. Chambers, <i>Ass't Cas.</i>	.....
	" .. National Bank of Barre.....	Wm. C. Turner, <i>A. C.</i>...	.....
	" .. Vermont National Bank, Brattleboro.	F. G. Howland, <i>Cas</i>	C. M. Spencer.
	" .. National Bank of Derby Line.	Geo. S. Dowley, <i>Pr</i>	Wm. P. Cune.
	" .. Lynchburg National Bank, Lynchburg.	G. C. Merrill, <i>Cas</i>	Geo. S. Dowley.
	" .. Peoples N. B., Charlottesville.	Horace D. Holmes, <i>V. P.</i>	W. S. Foster.
VA....	" .. Columbia Nat. Bank, Dayton..	James Clark, <i>Pr</i>	John W. Carroll.
	" .. Northern Nat. Bank, Ashland.	Clinton DeWitt, <i>V. Pr</i>.....	.....
	" .. First National Bank, Baraboo.	P. T. W. Duke, <i>Pr</i>	Geo. Perkins.
	" .. First Nat. Bank, Fox Lake ...	James Clark, <i>Pr</i>	John W. Carroll.
	" .. First National Bank, Janesville.	Frank T. Brewster, <i>V. P.</i>	.....
	" .. Northern Nat. Bank, Ashland.	Wm. A. Warren, <i>A. C.</i>...	.....
	" .. First Nat. Bank, Fox Lake ...	J. F. Tuttle, Jr., <i>Cas</i> ...	J. F. Fuller, Jr.
	" .. First National Bank, Janesville.	John G. Rexford, <i>A. C.</i>...	.....
	" .. Merch. B'k of Canada, Ottawa.	W. Lake Marler, <i>M'gr</i> ...	W. H. Rowley.
	" .. Canadian B'k of Commerce, Toronto.	J. H. Plummer, <i>A. Gen. M.</i>	John C. Kemp.

CHANGES, DISSOLUTIONS, ETC.

(Monthly List, continued from January No., page 552.)

COL....	Crested Butte..	Bank of Crested Butte (Carlisle, Thompson & Co.); now Metzler Bros., proprietors.
DAK....	Buxton	B'k of Buxton (Hanson & Davis); now O. S. Hanson, prop.
	" .. Fargo	Bank of Fargo (H. F. Miller); succeeded by Citizens' National Bank.
	" .. Frankfort.....	James River Bank (Palmer & Hathaway); now C. R. & S. Drew, proprietors.
ILL....	Camp Point....	Richard A. Wallace; now Richard A. Wallace & Bro.
	" .. Canton	C. T. Heald & Co.; succeeded by Canton National Bank.
	" .. Warsaw	First National Bank gone into voluntary liquidation; suc. by Bank of Hill, Dodge & Co.; same correspondents.
IOWA...	Hamburg	First National Bank gone into voluntary liquidation; succeeded by Bank of Hamburg; same officers.
	" .. Hartley	People's Bank; succeeded by Hartley State Bank.
	" .. Wheatland	Ludwig Homrighausen; succeeded by John Guenther & Sons.

KAN....	Atchison.....	German Savings Bank ; succeeded by United States Nat'l B'k.
" ..	Belle Plaine....	Belle Plaine Bank (Fultz, Millard & Co.).
MASS....	Boston	Francis V. Parker ; now Francis V. Parker & Co.
MICH....	Hillsdale.....	Second National Bank ; succeeded by Waldron Bank.
" ..	Lakeview	A. R. Mather ; succeeded by E. J. Mather.
" ..	Leslie.....	First National Bank ; suc. by People's Bank ; same officers.
" ..	West Branch....	Ellis & French ; succeeded by M. H. French & Co.
NEB....	Cambridge.....	Republican Valley Bank ; succeeded by Bank of Cambridge.
" ..	Norfolk.....	Norfolk Bank ; now Norfolk State Bank.
" ..	Pender.....	Logan Valley Bank (Fruse & Priest) ; now John D. Fruse & Son, proprietors.
OHIO....	Cincinnati	Espy, Heidelbach & Co. ; now Ohio Valley National Bank.
VA.....	New Market....	Kagey, Shirley & Co. ; succeeded by Rosenberger & Shirley.
Wis....	Darlington.....	Bank of Darlington has gone into voluntary liquidation.
" ..	Oconto.....	Farnsworth & Smith ; succeeded by Oconto National Bank.

OFFICIAL BULLETIN OF NEW NATIONAL BANKS.

(Continued from January No., page 553.)

No.	Name and Place.	President.	Cashier.	Capital.
3612	United States National Bank... Atchison, KAN.	Geo. Storch,	F. W. Hunton,	\$250,000
3613	German American Nat'l Bank... Lincoln, ILL.	Adolph Rimerman, Louis C. Schwerdtfeger,		50,000
3614	First National Bank..... Sparta, TENN.	W. N. Cameron,	J. N. Walling,	50,000
3615	Albany County National Bank... Laramie City, WYO.	Ora Haley,	Eli Crumrine,	100,000
3616	First National Bank..... Rock Hill, S. C.	W. L. Roddey,	W. J. Roddey,	50,000
3617	First National Bank..... Sheffield, ALA.	Chas. D. Woodson,	T. L. Benham,	100,000
3618	First National Bank..... Sutherland, IOWA.	Benjamin Thompson, Chas. H. Brintnall,		50,000
3619	First National Bank..... Beaver City, NEB.	Albert Fisher,	Allen B. Edee,	50,000
3620	First National Bank..... Wenona, ILL.	Lewis J. Hodge,	Chas. H. Fowler,	50,000
3621	Second National Bank..... Atlantic City, N. J.	Geo. F. Currie,	Jesse G. Hammer,	100,000
3622	East Alabama National Bank... Eufaula, ALA.	Allen H. Merrill,	John P. Fay,	59,000
3623	National Exchange Bank..... Dallas, TEX.	John N. Simpson,	N. A. McMillan,	300,000
3624	First National Bank..... Farmersville, TEX.	Allen H. Meathery, Leonard E. Bumpass,		50,000
3625	Columbia National Bank..... Washington, D. C.	Brainard H. Warner,	.....	250,000
3626	Union National Bank..... Duluth, MINN.	J. J. P. Odell,	Henry A. Ware,	500,000
3627	First National Bank..... Ponca, NEB.	Geo. W. E. Dorsey,	F. M. Dorsey,	50,000
3628	Carson National Bank..... South Auburn, NEB.	John L. Carson, Andrew R. Davison,		60,000

FLUCTUATIONS OF THE NEW YORK STOCK EXCHANGE, JANUARY, 1887.

Opening, Highest, Lowest and Closing Prices of Stocks and Bonds in December.									
GOVERNMENTS.					RAILROAD STOCKS.				
Interest Periods.	Open- ing.	High- est.	Low- est.	Clos- ing.	Col. Coal & Iron	Col. H. Valley & Tol.	Del. & Hudson	Del., Lack. & W.	Den. & Rio Grande
4½s, 1891, reg.	110½	110½	109½	110½	Do	1st pref.	103½	138	28½
4½s, 1891, coup.	110½	110½	109½	110½	Do	2d pref.	103½	138	28½
4½s, 1897, reg.	127½	128½	126½	128½	East Tenn. V. & G.	80½	103½	138	28½
4½s, 1907, coup.	127½	128½	126½	128½	Do	1st pref.	103½	138	28½
6s, cur. U.S. 1895 reg.	100½	100½	100	100½	Do	2d pref.	103½	138	28½
6s, cur. U.S. 1895 reg.	125	126	125	126	Fort Worth & Den.	32	103½	138	28½
6s, cur. U.S. 1897 reg.	127½	128½	127½	128½	Houston & Texas C.	96	103½	138	28½
6s, cur. U.S. 1897 reg.	127½	128½	127½	128½	Illinois Central	133½	103½	138	28½
6s, cur. U.S. 1897 reg.	127½	128½	127½	128½	Indiana, Bloom. & Western	177½	103½	138	28½
6s, cur. U.S. 1898 reg.	132½	133½	132½	133½	Lake Erie & Western	177½	103½	138	28½
6s, cur. U.S. 1898 reg.	132½	133½	132½	133½	Lake Shore	96	103½	138	28½
6s, cur. U.S. 1899 reg.	134½	135½	134½	135½	Long Island	95	103½	138	28½
6s, cur. U.S. 1899 reg.	134½	135½	134½	135½	Louisville & Nashville	67½	103½	138	28½
6s, cur. U.S. 1899 reg.	134½	135½	134½	135½	Louisville, N. Alb. & Chic.	65½	103½	138	28½
6s, cur. U.S. 1899 reg.	134½	135½	134½	135½	Manhattan Consol.	158½	103½	138	28½
6s, cur. U.S. 1899 reg.	134½	135½	134½	135½	Memphis & Charleston	58	103½	138	28½
6s, cur. U.S. 1899 reg.	134½	135½	134½	135½	Michigan Central	93	103½	138	28½
6s, cur. U.S. 1899 reg.	134½	135½	134½	135½	Mil. L. S. & W.	100½	103½	138	28½
6s, cur. U.S. 1899 reg.	134½	135½	134½	135½	Do	100½	103½	138	28½
6s, cur. U.S. 1899 reg.	134½	135½	134½	135½	Minn. & St. Louis	100½	103½	138	28½
6s, cur. U.S. 1899 reg.	134½	135½	134½	135½	Do	100½	103½	138	28½
6s, cur. U.S. 1899 reg.	134½	135½	134½	135½	Mo., Kan. & Texas	44½	103½	138	28½
6s, cur. U.S. 1899 reg.	134½	135½	134½	135½	Missouri Pacific	33½	103½	138	28½
6s, cur. U.S. 1899 reg.	134½	135½	134½	135½	Mobile & Ohio	18	103½	138	28½
6s, cur. U.S. 1899 reg.	134½	135½	134½	135½	Morris & Essex	18	103½	138	28½
6s, cur. U.S. 1899 reg.	134½	135½	134½	135½	Nashville, Chat. & St. L.	88½	103½	138	28½
6s, cur. U.S. 1899 reg.	134½	135½	134½	135½	N. Y. C. & Hudson	113½	103½	138	28½
6s, cur. U.S. 1899 reg.	134½	135½	134½	135½	N. Y. C. & St. L.	113½	103½	138	28½
6s, cur. U.S. 1899 reg.	134½	135½	134½	135½	Do	113½	103½	138	28½
6s, cur. U.S. 1899 reg.	134½	135½	134½	135½	Do	113½	103½	138	28½
6s, cur. U.S. 1899 reg.	134½	135½	134½	135½	Do	113½	103½	138	28½
6s, cur. U.S. 1899 reg.	134½	135½	134½	135½	Do	113½	103½	138	28½
6s, cur. U.S. 1899 reg.	134½	135½	134½	135½	Do	113½	103½	138	28½
6s, cur. U.S. 1899 reg.	134½	135½	134½	135½	Do	113½	103½	138	28½
6s, cur. U.S. 1899 reg.	134½	135½	134½	135½	Do	113½	103½	138	28½
6s, cur. U.S. 1899 reg.	134½	135½	134½	135½	Do	113½	103½	138	28½
6s, cur. U.S. 1899 reg.	134½	135½	134½	135½	Do	113½	103½	138	28½
6s, cur. U.S. 1899 reg.	134½	135½	134½	135½	Do	113½	103½	138	28½
6s, cur. U.S. 1899 reg.	134½	135½	134½	135½	Do	113½	103½	138	28½
6s, cur. U.S. 1899 reg.	134½	135½	134½	135½	Do	113½	103½	138	28½
6s, cur. U.S. 1899 reg.	134½	135½	134½	135½	Do	113½	103½	138	28½
6s, cur. U.S. 1899 reg.	134½	135½	134½	135½	Do	113½	103½	138	28½
6s, cur. U.S. 1899 reg.	134½	135½	134½	135½	Do	113½	103½	138	28½
6s, cur. U.S. 1899 reg.	134½	135½	134½	135½	Do	113½	103½	138	28½
6s, cur. U.S. 1899 reg.	134½	135½	134½	135½	Do	113½	103½	138	28½
6s, cur. U.S. 1899 reg.	134½	135½	134½	135½	Do	113½	103½	138	28½
6s, cur. U.S. 1899 reg.	134½	135½	134½	135½	Do	113½	103½	138	28½
6s, cur. U.S. 1899 reg.	134½	135½	134½	135½	Do	113½	103½	138	28½
6s, cur. U.S. 1899 reg.	134½	135½	134½	135½	Do	113½	103½	138	28½
6s, cur. U.S. 1899 reg.	134½	135½	134½	135½	Do	113½	103½	138	28½
6s, cur. U.S. 1899 reg.	134½	135½	134½	135½	Do	113½	103½	138	28½
6s, cur. U.S. 1899 reg.	134½	135½	134½	135½	Do	113½	103½	138	28½
6s, cur. U.S. 1899 reg.	134½	135½	134½	135½	Do	113½	103½	138	28½
6s, cur. U.S. 1899 reg.	134½	135½	134½	135½	Do	113½	103½	138	28½
6s, cur. U.S. 1899 reg.	134½	135½	134½	135½	Do	113½	103½	138	28½
6s, cur. U.S. 1899 reg.	134½	135½	134½	135½	Do	113½	103½	138	28½
6s, cur. U.S. 1899 reg.	134½	135½	134½	135½	Do	113½	103½	138	28½
6s, cur. U.S. 1899 reg.	134½	135½	134½	135½	Do	113½	103½	138	28½
6s, cur. U.S. 1899 reg.	134½	135½	134½	135½	Do	113½	103½	138	28½
6s, cur. U.S. 1899 reg.	134½	135½	134½	135½	Do	113½	103½	138	28½
6s, cur. U.S. 1899 reg.	134½	135½	134½	135½	Do	113½	103½	138	28½
6s, cur. U.S. 1899 reg.	134½	135½	134½	135½	Do	113½	103½	138	28½
6s, cur. U.S. 1899 reg.	134½	135½	134½	135½	Do	113½	103½	138	28½
6s, cur. U.S. 1899 reg.	134½	135½	134½	135½	Do	113½	103½	138	28½
6s, cur. U.S. 1899 reg.	134½	135½	134½	135½	Do	113½	103½	138	28½
6s, cur. U.S. 1899 reg.	134½	135½	134½	135½	Do	113½	103½	138	28½
6s, cur. U.S. 1899 reg.	134½	135½	134½	135½	Do	113½	103½	138	28½
6s, cur. U.S. 1899 reg.	134½	135½	134½	135½	Do	113½	103½	138	28½
6s, cur. U.S. 1899 reg.	134½	135½	134½	135½	Do	113½	103½	138	28½
6s, cur. U.S. 1899 reg.	134½	135½	134½	135½	Do	113½	103½	138	28½
6s, cur. U.S. 1899 reg.	134½	135½	134½	135½	Do	113½	103½	138	28½
6s, cur. U.S. 1899 reg.	134½	135½	134½	135½	Do	113½	103½	138	28½
6s, cur. U.S. 1899 reg.	134½	135½	134½	135½	Do	113½	103½	138	28½
6s, cur. U.S. 1899 reg.	134½	135½	134½	135½	Do	113½	103½	138	28½
6s, cur. U.S. 1899 reg.	134½	135½	134½	135½	Do	113½	103½	138	28½
6s, cur. U.S. 1899 reg.									

NOTES ON THE MONEY MARKET.

A FINANCIAL AND COMMERCIAL REVIEW.

The first month of the new year has been more than ordinarily eventful and several new and important elements of depression have entered into the situation that have temporarily exerted an all controlling and overshadowing influence and have thrown old conditions and old subjects completely into the shade for the moment. The possibility, not to say probability, which now more nearly represents public opinion, of a war in Europe the coming spring, which is more than less likely to become general, has been the overshadowing factor in all foreign operations, financial or commercial, that indirectly controlled, our domestic ones in sympathy. Next, the passage of the long-fought Inter-State Commerce Bill; and last, the greatest strike this country or the world has ever known, by which the commerce of the nation has been stopped at its entrepot and outlet, and the business of its metropolis partially paralyzed for nearly a month.

The condition of the money market at home and abroad has generally improved since our last, and the tendency seems still toward greater ease. The financial situation at the moment presents an easy aspect at all the leading business centers of this country and Europe. While the same condition in this regard prevails on both sides of the Atlantic, it is due in different cases to widely different causes. At home the drift of capital from the country to the large cities is the natural return flow of money after moving the crops and furthering the fall trade; but abroad a similar movement may be attributed in no small degree to the indisposition of moneyed men to make permanent investments pending the unsettled state of political affairs all over Europe. This has begotten a desire to keep close to cash until some definite conclusion is reached as to whether or not war is to be the outcome of the present strained situation. At New York there is an abundance of capital offering, and 5 per cent. is now the outside figure for call loans, while within a few days 4 per cent. has become the more general rate with exceptions even at lower quotations near the close of bank hours after the daily demand has been satisfied. While speculation has its periodical spasms of activity, the volume of business on the Stock Exchange is not sufficient to absorb all the money offering. But latterly there has been an increased demand for discounts, which is a healthy sign, as indicating a revival of business in trade circles. Commercial paper is readily discounted at 5@6 per cent. for prime and good double names and 6@7½ per cent. for single names. Time loans for long dates are being made even at less, or 3@3½ per cent. on Governments, 4½ per cent. on first-class stocks and 5 per cent. on mixed collaterals. A feature of the time loan market is that it varies with the changes in the European situation. Thus, wherever the outlook is warlike, money-lenders are chary of making loans at the current figures, but as soon as the aspect becomes more peaceful they are free again to meet the demand.

At home the conditions that have produced this easy money market are seen in our domestic exchanges which are in favor of this point at Boston

and the Southern cities, while at the West the situation has been somewhat modified, for at both Chicago and St. Louis the rates have occasionally dropped to par and even a slight discount. Still, between now and early summer we ought to get considerable currency from the West, and unless something unforeseen occurs, money should remain easy for some time to come. The export of gold or a European war would, of course, temporarily change the complexion of things, and unless Congress does something to stop the piling up of money in the Treasury vaults the markets may be unfavorably affected. At Boston call loans have dropped to 4 per cent., with exceptions at lower figures, and good double-named paper has been discounted at 5 per cent. and under. At Philadelphia the market is comfortable for borrowers at $4\frac{1}{4}$ @5 per cent. for call loans and $5@6\frac{1}{2}$ per cent. for good mercantile paper. In the different Western cities, while the rates of interest, as usual, are above those at the East, an easy state of affairs generally prevails, which can also be said of Southern points. At London discounts in the open market are quoted at $3\frac{1}{4}$ per cent. and call loans at $2\frac{1}{4}$ @ $2\frac{1}{2}$. Contrary to general expectation, the Governors of the Bank of England have not raised the discount rate above 5 per cent. This throws the business into the private discount houses and other banks, and the opinion prevails here that the Governors by their action either view the political or financial situation, or both, as more serious than the outside public conceive, and are still trying to draw gold to London. The Imperial Bank of Germany recently reduced its rate to 4 per cent. and money is quoted for actual business at $3\frac{1}{2}$ per cent. in Berlin and $3\frac{1}{2}$ @ $3\frac{3}{4}$ in Frankfort. In Paris money is about 3 per cent., the same as it has been for some little time past.

Under the effects of the above causes the market for sterling exchange has undergone the most radical change since our last. This was caused, first, by the change in the temper of speculation in London and even on the Continent in American railroad shares, of which, as suggested in our last, Europe has been a steady and at times anxious seller. Upon the day of the panic in London and Paris, on the threatening attitude of Germany and France, a regular avalanche of stocks from them buried this market and sent prices down with such a rush as to threaten another panic like that in December here; and, although the war cloud parted again, and the sun of peace shone "officially" upon Europe the next day, the vehemence of the denials of war by those who are most actively preparing for it, has left the impression that it is only a question of time, and that it is a race to see who will be ready first, that stands between Europe and a more or less general war.

The selling of Americans has been the first result of speculation on war prospects and hence the radical change from the last three months when Europe was a constant buyer of our stocks which she paid for in gold. Hence also with this change, came the fears of gold exports, to buy back these same stocks. This had been the chief cause of the advance in sterling exchange up to the last week in the month, when a new factor sent it still higher. During January the increasing demand for sterling to pay for these stocks, was supplied largely by commercial bills which were more plentiful, on the larger exports of wheat, flour, and provisions. But these were suddenly curtailed and at this port almost cut off by the strike of the coal handlers who refused to coal vessels sailing hence, and later by the 'longshoremen's strike which prevented

the great majority of vessels in port getting their cargoes promptly. This had made the supply of Commercial bills on this market exceedingly small all the week. But when a general strike, in the middle of the week which included all freight, grain and coal handlers, and even the pilots and crews of vessels and train men of some of the railroads, the commerce of the port became almost as completely blockaded as if a fleet of hostile vessels lay outside our harbor. While this condition of things exists the sterling exchange market cannot improve, and should it continue any length of time, (which does not seem possible) and the selling of Americans by Europe does not cease (which is quite probable) considerable exports of gold may be required in the near if not immediate future. Why Europe should sell Americans on prospects of a war in Europe does not appear, at first thought, to those unfamiliar with speculation and speculators. The logical result of war in Europe would be the selling of European securities of all kinds, because likely to be all more or less unfavorably effected, indirectly if not directly, and the buying of Americans because sure to be more or less favorably affected by a European war; and, the more general and prolonged the war, the more favorable to our railroads, which would have the bringing to the seaboard, of all our food products to supply the deficit thus caused in European production. This apparent anomaly of selling instead of buying our securities on European war prospects is explained by the fact that it was done by speculators who know no law but that of necessity, and not by European investors who deny no law but that of expediency. It is the same the world over, and in all articles of speculation. A panic in any speculative article causes such heavy losses, and so suddenly, to speculators who hold it, that they are immediately compelled to sell something else that is not effected by the same causes, as the article in which the panic exists, in order to make good their losses in that article in which it does. In selecting what to sell, in such emergencies the article in which there is the least loss is always taken. Hence, when French sureties broke so heavily and even the solid old English consols dropped five points in one day, Americans were the first thing sold, because there was less loss in them, not only, but because there was a market on this side the Atlantic where they could be sold, that was not effected by the war scare directly. In the same way Wall street houses sold out their long wheat on the day of the panic in stocks, at London and Paris, to make good its losses on stocks which broke sharply here under London and Continental selling that day. This seemed still more illogical because war in Europe would directly and most favorably affect wheat, which would be a good thing therefore to hold on war prospects. Yet Wall street speculators sold out what they held for the reasons above. Investors, however, did not sell wheat here any more than they did Americans in London on the war news. But both are waiting for more tangible evidences of war, or for war itself, when they would play an important part in both wheat and railroad stocks on both sides the Atlantic. The first result of actual war after the speculators had liquidated, would be the selling of European and the buying of American securities to avoid further loss in the former and to get a safe investment in the latter.

We have thus fully analyzed this prospective condition of things, as the gold export scare has been magnified upon the assumption that actual

war would send all our securities home, because the prospect of war has done so, temporarily. The sterling exchange market has reflected this feeling of fright, and possibly overdiscounted any future effect of this selling by Europe. As to the probable effects of the strikes in New York on sterling exchange, they would be more serious, were there a probability of their continuance. The more general and complete the blockade, the sooner will it be broken, either by a compromise between organized capital and organized labor, neither of which can stand out long on the present differences, which are trifling, compared with the loss both are inflicting on the public and individuals, as well as upon themselves; or, by the interposition of State authorities to keep the peace, or that of the general Government to prevent the stoppage of the U. S. mails and the interference with commerce between the States, which it can do, so soon as the new Inter-State Commerce Bill is signed by the President, upon which it takes immediate effect.

Outside the Inter-State Commerce bill, on which the stock market has declined when not depressed by European war prospects, and the strike in New York in paralyzing our domestic and foreign commerce, there has been little to change the commercial, financial or industrial situation of the country since our last. These have been the all-controlling and all-absorbing elements of the situation. Otherwise the position of affairs remains as hopeful as at the beginning of the year, and even the drawbacks existing, are likely to prove benefits in the end, as they have now taken such acute form that the permanent solution and satisfactory settlement of them will only be hastened thereby. Hence the outlook continues hopeful, and still further and more general improvement this year than last, is probable. The course of the stock market and cotton has been downward on war news and produce has been advanced by it, the general tendency of the latter being upward and cotton also, while stocks and money have been downward with occasional rallies, which were only temporary however.

This improved condition of the money market has been reflected in a steadily rising reserve in the hands of the banks, whose statements have been uniformly more favorable the past month. Since the powers most actively engaged in preparations for war "as a guarantee of peace," have so unanimously announced that "peace is assured," the grain markets have been declining, while stocks have improved. But both appear to have reached the limit of the reactionary war influences and to have resumed their old tendency toward enhanced values for food products and liquidation by the speculative pools that have sustained the stock market since the December panic took the wind out of the boom on which they were unloading on the public, since when the public has not been in the market to unload upon.

The markets for most raw materials have been affected in the same way and by the same influences as those for food and feed, except cotton and petroleum, and none have shown important changes. The receipts of cotton at the South have kept up beyond expectation and discouraged the bull feeling and speculation which was growing before the war talk in Europe gave this movement its set-back. There has been a renewal of the bull speculation in coffee. But this market is so manipulated by the Havre and Liverpool syndicate that it is impossible from here to judge of its prospects.

The petroleum market has been neglected by speculation because it has

been discouraged by the Standard Oil Company, whose interests, as well as those of American oil producers, lie in the direction of low, instead of high prices, which the speculation here has been in favor of. The explanation of this apparent anomaly is that at present low prices American oil can undersell Russian oil, whose inroads upon the trade of Eastern and Southeastern Europe, as well as that of the far East, has been sufficient to warn this country that it no longer monopolizes the oil trade of the world.

The auction sale of woolen and worsted goods held in this city the last week of the month was rather of a surprise to those outside the dry goods trade, and it showed not only that stocks have accumulated somewhat in manufacturers agents' hands, during the winter, but a decline of nearly 25 per cent. in prices. This can scarcely be considered as a criterion of the entire woolen goods trade, however. Cotton goods have shown less change, and no serious accumulations of stocks in first hands are reported. The iron interests are still the most flourishing of the great manufacturing industries, although unfavorably affected by the advance in and scarcity of coal in consequence of the coal handlers' strike. The coal trade, however, has not been so seriously injured by this strike, by which it is directly affected, as some allied interests which were only indirectly injured and not responsible for it, because the coal companies have received a partial compensation, at least, for their losses in amount of sales, by the enormously enhanced famine prices for what they did sell.

The balance of the markets and industries have undergone few unimportant and unnoteworthy changes during last month. The prospects for the coming month for general business are about as good as the average at this season, and not materially different from those of a year ago, barring the present and possible effects of the strike in New York upon the trade of the metropolis and of the country.

DEATHS.

CROSWELL.—On December 13, aged sixty-two years, C. M. CROSWELL, President of the Lenawee County Savings Bank, Adrian, Mich.

GRISWOLD.—On December 19, aged sixty-four years, WALTER H. GRISWOLD, Cashier of Delaware National Bank, Delhi, N. Y.

LINDSAY.—On December 22, aged seventy-eight years, JESSE H. LINDSAY, President of National Bank of Greensboro, Greensboro, N. C.

PINNEO.—On January 9, aged eighty-one years, JAMES B. PINNEO, President of National Newark Banking Company, Newark, N. J.

SPRIGG.—On December 23, aged sixty-five years, JOSEPH A. SPRIGG, President of First National Bank, Baltimore, Md.

WILLIAMS.—On January 9, aged sixty-eight years, JOHN WILLIAMS, President of Fulton Bank, Brooklyn, N. Y.

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MR. MANNING'S CAREER IN THE TREASURY.

Having retired from the Treasury Department, after serving through one half of President Cleveland's term, it is fitting to take a brief retrospect of Mr. Manning's work in managing the national finances. At the outset, it can be said, that his course has surprised many. It has surprised, in the first place, those who knew him as the chief manager in New York politics, for they did not expect to find in him such a sturdy believer in rational methods of administering the Treasury office. It was very generally believed that, in view of his long practice as a party manager, his term of service would open with a general decapitation of every one in the least tainted with the politics of the opposing party. Instead, however, of manifesting much readiness to decapitate opponents, he early showed his disinclination to make many changes, and we believe it may be truthfully said of him that the longer he continued in office, the less inclined was he to use it for partisan purposes. It has been said that his natural disinclination for work and his desire to promote his own ease was perhaps the controlling reason for his slow movements in this direction. But we think the fairer conclusion is that, whatever he might have been as a political manager, in administering the Treasury Department he was animated by quite different views, and that his desire to retain tried officials sprang from the conviction that the public business could be best done by continuing in service for the most part those who were already acquainted with it. It is true that a con-

siderable number of changes were made, and doubtless many of these were justified; this is especially true of the heads of departments and all the more important officials, because so long as we have parties with opposing policies, it is fit and proper that the party in power should have as chief administrators persons holding similar beliefs to maintain a uniform course of action.

Another surprise was within the ranks of his own party, a large section of which very early displaying a pretty strong opposition to many of his recommendations, especially on the subject of money. Probably the opposition within his own party of this nature was stronger than that coming from the party opposed to him. In other words, he found a fuller response to his own views and opinions on many subjects from the Republican party than from his own. Whether he was surprised over the meager response to his recommendations is a question which we cannot answer, but which is worth at least a moment's consideration. That he made many recommendations which were received with warm approval by the people throughout the country no one will question. That Congress paid but little heed to them is also a fact as unquestionable as the other. Nor can it be said that Congress were unmindful of these recommendations through any particular opposition to him or to their nature. As above said, there were opponents within his own party and opponents without. But, on the other hand, his recommendations had warm support from many quarters, and yet hardly one of them is likely to be crystallized into the form of law. Mr. Manning's treatment in this regard is by no means exceptional. Numerous predecessors have been treated in the same way, but this much is apparent, Congress are less and less inclined to take advice or recommendations from the Chief Executive, or heads of executive departments, and are more inclined to act solely on their own judgment. Whether better legislation is thus secured may be questioned. Recommendations often made by departments are the outcome of a careful study of the public needs, and Congress would do well to pay more heed to them. But the fact is unquestionable that these recommendations generally go for naught, and Mr. Manning has fared in this respect like those who have filled that great office before him. It is said that his slight influence on Congressmen is one of the reasons why he has retired; but, from all that we can learn, this is a guess, and not a piece of knowledge. It may be true, but he doubtless knew before going to Washington how those had fared in this regard who had filled the place before him. This much though is certain, so long as Congress are indifferent to recommendations coming from this quarter, it is hardly worth the while for any Secretary to do more than to present a review of his department for the consideration of Congress and the people.

A good many of the newspapers have commented on the ability shown by Mr. Manning in the administration of his office, and have concluded that it was quite wonderful that a newspaper editor and political manager should have shown such a marked aptitude for administering the affairs of the Treasury. We cannot share in this feeling, and we cannot for a very good reason. The Treasury Department is but little more than an office for collecting the public money and paying the public bills. The office of the Secretary of the Interior is a far more difficult one to administer to-day. Questions are arising there which are complex and difficult to settle. The Indian problem, old as it is, is constantly presenting new phases. Of all the departments of the Government this is far the most difficult to manage at the present time. The Treasury Department, on the other hand, is exceedingly simple. The revenues as we all know, are only too ample. The Secretary, therefore, is relieved of all thought concerning the ways and means to carry on the Government. It is not necessary for him to give the slightest thought to the subject. The law already exists for doing this and if a new law were needed, the Secretary would have but small part or lot in making it. At all events, Mr. Manning has had nothing to do in this direction. The expenditures of the Government are determined, not by him, but by Congress. He has no discretion for spending hardly a dollar. We repeat, therefore, that the administration of this office is exceedingly simple at the present time, and therefore no large man is required to fill it successfully. Honest men are needed in the departments—men who will collect the revenues and pay the public bills as the law requires; and who will not steal or permit others to steal; and with men of this stamp in the various offices, with a few good lawyers to settle the legal questions that arise, the course of the Secretary is easy and quite free from care. Therefore, while we do rejoice that such a man as Mr. Manning has filled the Treasury Department during the last two years, and while we greatly regret that ill-health has compelled him to retire, we are not particularly dazzled either at his work or at the office which he has filled. He has been faithful, efficient and high-toned in administering its affairs, and if the President's next choice is as wise the people will have a rational occasion for rejoicing.

STATE TAXATION.

From time to time we publish the facts which show the folly of attempting to tax the evidences of debt, bonds, stocks and other securities. Elsewhere in the present number will be found an interesting extract from the valuable report just rendered by the special Commissioners for Taxation in Connecticut. The facts here presented are a repetition of the old story—although the law prescribed for the taxation of all kinds of personal property, nevertheless, the meshes were too coarse to catch only a small portion; by far the greater portion, as in other States where similar attempts to tax personal property have been attempted, escaping the tax gatherer. The Commissioners have some very thoughtful recommendations on the subject, and have drafted several excellent bills embodying their recommendations. This work is in the right direction. It is true that similar attempts have been made to investigate into the inequality, injustice and efficiency of our existing tax systems, and little in the way of reform has been accomplished; but we may trust that in due time this continual hammering at systems so defective will eventually break them into pieces, and thus the way be opened for the introduction of better ones.

In New York two movements are now in progress of an interesting character. One of them is to find sources of revenue of a general character, like franchises, railroads and the like, for State taxation, thus leaving the taxation of real estate for purely local purposes. The object of this reform, of course, is to put an end to the inequality and injustice now existing in the assessment of property throughout the State for State purposes. It is said that these assessments are grossly unequal; that the cities in particular are assessed unduly, while the country property does not bear its proper share of the burden. By finding other sources of taxation for State purposes this inequality will be removed. This is a movement in the right direction, and it is to be hoped that the Legislature will speedily find adequate sources for State revenue of a general character, and thus solve at least one of the difficulties now inhering in the system of taxation existing in that State.

The other question relates to the imposition of a tax on the sales of manufacturers in the city of New York in particular who reside elsewhere. It seems that the law has long existed on the subject, but has not been enforced. Comptroller Chapin, for some reason or another, has concluded to enforce the law. Of course, he is confronted with serious opposition. First of all it is said that the law is clearly unconstitutional. Secondly, it is said that, if enforced, the

manufacturers will be driven out of the city; that it is a most unwise imposition on commerce, fettering the trade of the city and State, and impeding its general prosperity. What will be the upshot of this attempt to enforce the law we do not know, but the crudity of it is as clear as the noon-day sun. To have such a law in one State and not in another is also unwise. This is only one of the thousand illustrations of the necessity of reciprocal tax legislation among the States. No system will be perfect until it is framed on this broad basis. There is nothing impracticable in forming such a system whenever the States are ready to move in the matter. As competition becomes keener and profits narrower, the subject of taxation grows in importance, and therefore we may hopefully look forward to a time when amendment will be the order of the day. Until then, we must be content to show up the inequalities and injustice of our present systems, and all investigations like that above mentioned will prove helpful toward needful reform. This is one of the subjects of which agitation is necessary, and which will sooner or later produce good fruit in the way of introducing more rational systems.

CONSCIENCE IN BUSINESS.

A movement was started sometime ago in trade circles for preventing adulterations in drugs and food, especially the latter. Within a short time an association for this purpose held a convention at Washington. The members are quite unlike those who have figured on similar occasions, for they were largely business men, and not cranks and pseudo-reformers and persons of that ilk. They have organized for business, so to speak, in the best sense of the term. They realize that it is for the interest of trade as well as the consumer to have pure articles bought and consumed. Various laws exist in the States to suppress the sale of adulterated food; but either they are inadequate, or else the law is improperly enforced, for adulterations of one kind or another largely abound. This movement is worthy of support. The body of persons assembled and united together in the association described are largely influential, and good results may be expected from their action. From time to time we hear of some local action in the way of preventing the sale of an adulteration, but to make such action effective, the power of an organization of this kind ought to be behind the law. If this were done, if prosecutions were followed up eagerly and systematically, they doubtless would accomplish a great deal for the public welfare.

By the New York "Act to prevent the adulteration of food or

drugs," which was passed in 1881, it is a misdemeanor to "have, offer for sale, or sell any article of food or drugs which is adulterated within the meaning of this act," under penalty of a fine not exceeding \$50 for the first, and not exceeding \$100 for each subsequent offense. Drugs are declared to be adulterated if below the standard of strength, quality or purity of the United States pharmacopoeia, or other standard work on *materia medica*, and food if mixed with inferior or cheaper articles, sold under a false name, coated, powdered or polished so as to pass for a better article than it really is, etc. The State Board of Health are given power to license certain harmless adulterations, on condition that the labels shall distinctly state the facts. The law cannot be enforced without an adequate appropriation.

The defenders of genuine butter in New York are well satisfied with the workings of the Federal law imposing a stamp tax on oleomargarine, and requiring manufacturers and dealers to have licenses in order to sell the article. The sales of the imitation goods seem to have very greatly diminished, but, contrary to the predictions of those who opposed the law, the average price of the genuine has not been advanced to consumers, and yet the butter makers have had larger returns. This paradox is explained by the fact that the producers of genuine butter have been encouraged to increase their crop, and thus have taken home more money, without raising the cost to consumers. The commission men, having had a larger quantity to handle, have also reason to be satisfied with the working of the law, thus far.

Notwithstanding the above mentioned legislation on the subject, more is needed, both State and National. Besides, money is needed to secure it, and an organization is the preliminary step for raising money. The movement is so praiseworthy that it ought to secure wide approval and strong support.

FINANCIAL FACTS AND OPINIONS.

The woolen manufacturers of Philadelphia have made extraordinary progress during the past ten years, according to accounts given in the correspondence from that city of the *Dry Goods Reporter* of February 1. The great advance in the woolen carpet business of Philadelphia has been long known, but it would seem that it has been equally great, although not so generally known, in the production of woolen clothing. All the foreign improvements in machinery have been adopted and still further improved upon, and the Philadelphia manufacturers claim to be now able to produce woolen cloths, which not only wear better and longer than foreign cloths, but are superior to them in finish and taste as well as in texture. The Philadelphia correspondent of the *Dry Goods Reporter* adds the following in respect to American wool:

It is a peculiarity of the ordinary American wool, that it grows finer in the process of manufacture, while the medium and lower grades of foreign wool grow coarser.

The production of gold fell off 130,000 ounces in Victoria in 1886 as compared with 1885, being a falling off in value of about \$2,250,000. The aggregate gold production of that colony from the date of the opening of its gold fields in 1851 to 1884, was within a minute fraction of 63 million ounces, having an aggregate value of more than one thousand million dollars. There are no recent reports of a decline in the production of any other of the old gold fields. In this country, which still holds the first rank as a gold producer, the indications are now that the yield is rather increasing than decreasing. Current information also tends to excite the expectation that there is likely to be more activity and success in gold mining in Central America and Venezuela, but the largest and most assured promise of new supplies of gold is from the Transvaal. The London journals, including the *Times*, seem to now agree that there is no doubt that it will prove a great gold field. The Transvaal is not an easily accessible country, and its political affairs were not long ago in a very disturbed condition, but all along there have been persistent reports from it of discoveries of gold. It is too much to hope that the gold production there will ever equal the extraordinary yield of either California or Australia, but if it only equals the Russian yield, it will be an important addition to the world's stock of a metal which has been growing scarcer, relatively to the demand for it, for about twenty years. According to the best authorities, the aggregate yield of it for the last four or five years has ranged from \$100,000,000 downwards,

which is not supposed to be more than is now annually consumed in the arts and in ornamentation.

The increase of railroad construction during the year 1886 is in many quarters ascribed to an improvement in the business and industries of the countries. It may, however, with equally good reason, be ascribed to the extraordinary cheapness of loanable capital, and the unusual difficulties in finding safe and profitable investments. With Government bonds at prices which yield only about $2\frac{1}{2}$ per cent. annually to purchasers, and with all sound securities held up to correspondingly high figures, it could not but be easy to find a ready market for railroad securities, even if they did not promise any great rate of income. The same condition of things which has stimulated building in cities and towns, has stimulated railroad construction. When the current rate of interest is low, capital seeks investment in permanent forms. People may not agree as to what has caused the lowering of the rates of interest during the past three or four years, or as to how much longer they will remain low, but it is certain that railroad construction will continue active until there is a change in that particular.

The effect upon British interests, of the changed relation between the British^a and Indian currencies, continues to attract an active degree of attention in England. It is agreed there with substantial unanimity, that the fact that gold is worth more in silver than it formerly was, operates as a bounty upon Indian exports to gold standard countries, and as a check to Indian imports from such countries. The increase of exports from India is for its British masters an unmixed advantage, except that the Indian export of wheat is a leading cause of the fall in price of that grain, and is prejudicial to the British farming interest. A writer in the London *Economist* of December 4, said of the rise of the price of sterling exchange when sold for Indian rupees:

It brings the Indian coolie into nearly as close competition with the English farmer, as if he were working in the next field.

• The British people, however, determined in the repeal of the corn laws forty years ago, that the landed interest must give away to the necessities of cheap food for their manufacturing population and enlarging supplies now of Indian wheat will have no terrors for them. They will rejoice rather at being thereby relieved of their dependence upon this country for bread, and they will rejoice even more that the same cause which increases Indian exports of wheat, increases Indian exports of cotton. Undoubtedly, they deprecate a condition of the exchanges between England and India, which hampers the business of sending manufactured goods

to India, and in that aspect of the case they find a motive for doing something to restore the old relations between the gold sovereign and the silver rupee. Being thus pressed by opposing motives and interests, what they will do must remain uncertain until they finally act.

During the six months ending September 30, 1886, being the first six months of the current fiscal Indian year, as compared with the six months ending September 30, 1885, there was an average in the Indian exports of wheat from 11,451,255 cwts. to 14,953,939 cwts., and in the exports of cotton from 2,013,268 cwts. to 2,776,946 cwts.

The average price received by the producers of wheat in this country, was as follows in the years named :

<i>Years.</i>	<i>Prices in cwts. per bushel.</i>
1870.....	101
1875.....	100
1880.....	95
1885.....	77
1886.....	65

These prices are, of course, below the official valuation of exported wheat, which is made on the prices prevailing at the port of shipment.

During the sixteen years covered in the foregoing statement, there has been a decided fall in railroad rates of freight from the West to the Atlantic coast, so that if prices of wheat at the ports had remained unchanged, the prices in the interior would have advanced. But the prices at the ports have fallen enough, not merely to offset the fall in railroad freight, but to cause at the points of production a decline in prices of more than one-third since 1875, and of nearly one-third since 1880. The main cause of the fall since 1880, is generally agreed to be the unexpected appearance of India as an exporter of wheat, under the double stimulation of railway extensions in that country and of the premium on gold which is realized by the Indian sellers of wheat.

The French census of 1886, as compared with that of 1881, shows an increase from 37,672,048 to 38,218,903, of which increase, 75,000 was in Paris. At that rate of increase the population will be rather less than 40 millions in 1900.

The population of Great Britain and Ireland was 35,246,633 in 1881, when the last census was taken. Mulhall estimates the increase of this population during the decade ending with 1885, at 12 per cent., but all the signs indicate that no such rate of increase can be looked for from this time forward to 1900.

In all events, it seems certain that the population of this country, which cannot be less than 85 millions in 1900, will exceed the combined numbers then to be found in the United Kingdom and in France.

We are commonly charged in Europe with being a vain-glorious and boastful people, but the real truth is that we are exactly the reverse of that, in the ideas which prevail here in respect to our relations with the European nations. It is difficult for men of forty years of age and upwards to realize the magnitude of the change in the comparative power of Europe and the United States, which has taken place during the past two decades, and still more difficult to realize the change which is certain to take place during the two next decades. The question asked only a few years since by a Western statesman, "What is Europe to us?"—became at once famous, because it was a complete shock to old and then established notions. There is nothing in such a question which would to-day startle anybody, and in no long time such a question will not seem worth the asking.

British prices in 1886 seem to have undergone scarcely any change during the first half of it. During the third quarter there was a perceptible rise, nearly the whole of which, however, was lost during the fourth quarter. The index number as given in the *London Economist* of January 1, 1887, of 22 principal commodities, was as follows at the dates named:

<i>Index number.</i>		<i>Index number.</i>	
1883 (January).....	2,442	1886 (April).....	2,017
1884 ".....	2,221	1886 (July).....	2,026
1885 ".....	2,090	1886 (October).....	2,108
1886 ".....	2,023	1886 (December).....	2,048

While the *Economist* admits that there has been no return of prices to a higher level during 1886, it observes that there has at least been no further fall, so that the bottom may be supposed to have been reached, and it adds:

This is the first time since 1881 that the level of prices has not been distinctly lower at the end of the year than at the commencement.

Increased shipments of frozen meats from Buenos Ayres have been foreshadowed for a year or two past by accounts of improvements in refrigerating processes, and by reports of the establishment of new steamship lines to Europe to be specially adapted to and employed in the business. The only figures on the subject which we have happened to see, are in a letter from Buenos Ayres, published in London, which states that the carcasses of sheep shipped during the first six months of 1886 numbered 326,000, as compared with 125,000 during the whole of 1884. If the business proves to be profitable, it may be expanded almost without limit. The fertile *pampas* of the Argentine Confederation, 600,000 square miles in extent, can furnish sheep and cattle in incomputable numbers. Enthusiasts on the subject insist that it is only tariff duties which will prevent the future exportation of frozen beef and mutton from Buenos Ayres to New York.

Among the reasons for suspending our silver coinage, Secretary Manning's last annual report laid great stress upon the view, that the great depreciation of silver which all agree must be a necessary result of such a suspension, must so derange the exchanges between England and India as to force the British Government to enter into international bi-metallic arrangements. Commenting upon that report, the London *Economist* insisted that "it would have the very opposite effect," of causing England to adhere more steadily to the gold standard, and with that opinion, a city contemporary, the *Evening Post* of December 23, expressed its concurrence in the following terms:

England does not want a currency that is on the down grade. The more you prove to her that silver is on the decline, the less of it she will care to have in her pocket. * * * The *Evening Post* agrees with the *Economist*, that if England feels any pressure at all by reason of the decline of silver, it will be felt quite on the opposite side.

But while England, for its use at home, may even prefer a steadily appreciating currency, and would certainly object, as the *Evening Post* suggests, to a depreciating currency, it has another great and distinct interest to look to, and that is the condition of its trade with the nearly three hundred millions of people in India under its control. In important particulars, such as further stimulating the exports of Indian wheat and cotton, England would gain by a still greater decline in the gold price of silver, but it would cause a diminution of the profits of exporting British manufactures to India.

The product of lead and copper in the States and Territories west of the Missouri, is estimated by Wells, Fargo & Co., to have been in money value as follows during the past seven years:

	Lead.		Copper.
1880.....	\$5,742,390	.....	\$ 898,000
1881.....	6,361,902	.....	1,195,000
1882.....	8,008,155	.....	4,055,037
1883.....	8,163,550	.....	5,683,921
1884.....	6,834,091	.....	6,086,252
1885.....	8,562,991	.....	7,838,036
1886.....	9,185,192	.....	9,276,755

During the period covered by the foregoing statement, the price of lead has fallen a good deal, and that of copper has fallen by more than one-half. The quantity of lead produced must therefore have been largely increased, while the production of copper has been enlarged within the seven years, ten times in money value and twenty times in quantity. The principal copper production west of the Missouri, is in Montana. The old clamor of the free traders in favor of the free admission of Chili, no longer vexes the public ear.

A city financial paper, the *Stockholder*, of January 25, argues that American wheat and cotton sold in England for money at the

gold standard is lowered in price to the extent of the depreciation of silver below gold, inasmuch as India, which is a very large exporter to Europe of both those commodities, makes all its sales for silver, "at its face value." The fact is undoubted, that not only wheat and cotton, but everything else which India exports, has thus far fallen in price in correspondence with the fall in the gold price of silver, and the *Stockholder* is right in saying that "the result is disastrous to the American farmer." But it is hardly correct to say that the cause is to be found in the fact that silver is accepted "at its face value" in transactions in India. Nothing is or can be accepted as money anywhere at any other than "its face value," and silver, so long as it is the actual money of India, even if it so falls in value that ten rupees will be required to buy what one rupee will buy now, will still be taken at "its face value." The cause of the existing misfortune of the condition of those who, in gold standard countries, produce commodities which India exports, is the fact that silver as yet retains in India an undiminished purchasing power, and is not depreciated in respect to labor or commodities. If it shall hereafter fall as much in respect to other things as in respect to gold, the present difficulty will be at an end, but it is impossible to foresee when or how this will be brought about.

The price of live cattle in Chicago has fallen since 1884 from 40 to 50 per cent., according to a statement made in the *Chicago Live Stock Reporter* just before the passage of the Inter-State Commerce Bill. That paper ascribed the fall, principally to the general fall in all articles of food and the general depression of business and the consequently diminished means of consumers, but in part to methods of railroad management which the Inter-State Commerce Bill would be likely to remedy. Conventions of cattle raisers, held within a few months past, have ascribed the fall in their product in Chicago to a different cause. They say that the prices for beef paid by the ultimate customer are not much lower than they were three years ago, but that circumstances have made Chicago the single great market for cattle from the Western ranges, and that this has enabled the dealers there to make extraordinary profits. One of the remedies which the cattle raisers have proposed, is to establish other cattle markets, so that the competition between buyers of cattle may bring up the price to a more just correspondence with the prices for beef which consumers pay.

A city contemporary, the Times of January 18, says that the wheat which this country sends to England is "actually traded, for the most part, for English goods." This dogma, that foreign trade is a barter trade, lies at the foundation of the free trade theories.

Free trade journals like the *Times* will undoubtedly promulgate and insist upon it indefinitely. But if its managers will ask shippers of wheat, they will be informed that not a single bushel of American wheat is ever sold in England except for money, and that the payments are made in nothing but money, although it may happen and does occasionally happen, that by reason of the insolvency of purchasers no payments whatever are made. The intermediate use of drafts need not be taken into the account, inasmuch as drafts not honored in cash do not constitute a payment.

As we never sell wheat to the English except for money, so we purchase English goods only with money, and never in the way of barter.

The formula of the free traders is, that "we sell where we buy," but the fact is that there is no connection between the two things. In buying wheat, the English look only to the price and quality of what is offered, and never inquire who offers, or whether the offer comes from persons who buy a good deal, or very little, or none at all, of what they themselves have to sell.

The British export of cotton piece goods to India during the calendar year 1886, was £18,483,000 in money value, as compared with £15,477,000 during the year 1885, the increase being 19 per cent. In the number of yards exported, there was an increase of 27 per cent. as compared with 1885, but the fall in price which is thus shown is in part made up by lower prices of raw cotton in 1886 than in 1885. The magnitude of the British export to India of cotton cloths is enormous, having been last year ninety million dollars in round numbers. Such a trade will not be given up without a desperate struggle. From another point of view, the magnitude of that trade marks the greatness of the consumption in India of cotton cloths, which the Indian cotton mills are now endeavoring to supply. The main obstacle in the way of their supplying it completely, seems to be the inadequacy of the capital within their reach.

The fluctuations during 1886 of the London price of silver are stated in a review of the year in the Pixley and Abell circular of the 6th of January 1887. The price per ounce was within the range of 46 $\frac{7}{8}$ and 47 pence from January 1, to April 8, when the United States House of Representatives decided not to meddle with the silver coinage, either in the way of suspending it, or of making it free. Referring to that action of the House, the Pixley and Abell circular proceeds to say:

This not being unfavorable, a rise in Indian exchanges, in the produce markets, and consequently in silver, was looked for, but on no movement upwards taking place, the exporters of Manchester



goods lost heart, and endeavored to cover all transactions by forward purchases of transfers at gradually declining rates.

On the 17th of May the price of silver had fallen to 44¼ pence, and then, after a short upward reaction, fell on the 3d of August to 42 pence, being the lowest point reached during the year. The movement was generally upward during the remainder of the year, which closed with silver at 46¼ pence. Among the causes of the rise in silver during the last five months of 1886, Pixley and Abell enumerate some small purchases for coinage purposes in England, Japan and Spain, and also in France for use in its possessions in farther India. In previous circulars they had referred to another cause, viz.: an expectation more or less general that some steps would be taken in England before long, either in the direction of bi-metallic arrangements, or of substituting silver or silver certificates for the gold half-sovereigns now in circulation there.

The clearings of the London Banker's Clearing House, deducting those made on the Stock Exchange and Consol settling days, were as follows during the last five years:

<i>Years.</i>	<i>Millions of pounds.</i>
1882.....	4,713
1883.....	4,616
1884.....	4,569
1885.....	4,329
1886.....	4,439

These figures, which are supposed to give a tolerably accurate idea of the relative money valuations of commercial transactions in different years, indicate that low water mark was reached in 1885, and that there was a slight recovery in 1886.

The clearings of the Clearing House of the New York banks, after deducting from the gross figures the estimated clearings of the Stock Exchange business, are supposed to indicate the relative proportions of commercial business at different times. But in New York there is an immense amount of transactions of a sort very little known in London, viz.: dealings in options in all the leading commodities, such as cotton, wheat, pork, petroleum, etc. This kind of business originates an enormous volume of checks which go through the Clearing House, although they indicate no real sales or purchases, and no actual transfers of commodities.

The production of gold and silver in this country during the year 1886, as estimated by Wells, Fargo & Co., was of gold, \$29,561,424, and of silver, \$52,136,851, being an increase in gold of \$3,167,668, and in silver of \$7,620,252 as compared with the production of 1885 as estimated by the same authority. These estimates, and the methods by which they are arrived at, differ somewhat from those

of the Mint Bureau, but it may be presumed that the increases in the production of both metals may be accepted as substantially correct. In the net export of silver from this country, no increase was shown in 1886 as compared with 1885, but this is at least partially explained by the fact that more was absorbed by the monthly purchases for the mints in 1886 than in 1885, as the average price was lower in 1886 than in 1885.

The exports of silver from San Francisco to Japan, China and other parts of Asia, during the year, amounted at the coining rate at our mints to \$16,558,612, of which a large part consisted of Mexican silver dollars and bullion. The net export of silver from England to India, stated at its gold value, was £4,812,371 during the year, or about \$32,000,000, stating its value at our coining rate.

The estimated per capita consumption of sugar in this country was estimated in 1850 at 25.8 pounds, in 1860 at 29 pounds, in 1870 at 33 pounds, in 1880 at 39.6 pounds, and in 1885 at 49.3 pounds. This increase is mainly attributable to the cheapening of the article, although it may in part indicate an advance in the prosperity and consuming power of the country. It is estimated that the home production of cane sugar in 1850 was 58.5 per cent. of the total sugar consumption of the country, that in 1860 it was 28 per cent. and that in 1870 it was only 7.8 per cent.

Of twenty-four principal food articles imported into Great Britain during the year 1886, of which a list is given in the London Economist of the 15th of January, 22 show a fall in price as compared with 1885, although the fall was much less than that shown in 1885 as compared with 1884. That the fall in 1886 was distinctly short of what it had been in 1885, encourages the Economist to believe that bottom has been reached at last. In respect to wheat and other grains the Economist finds another reason for believing that prices can go no lower, in the probability that those paid in 1886 did not pay the cost of production.

In 1886, as compared with 1885, there was a fall in price of 13 per cent. in fresh beef, and of 22 per cent. in mutton.

The same number of the *Economist* says that the prices of labor and material were so low in 1886 that it only cost £14,000 to build a 2,000 ton iron steamship of a class and description which cost £24,000 in 1882, and that many of such ships heretofore built are not now worth the mortgages on them. The people of this country are complaining that we have so few ships, but the people of England are groaning over the burden of having so many. If there is any branch of the business of the world which is pre-eminently ruinous at the present moment, it is the ocean-carrying trade, and it is fortunate, indeed, that the United States has so

little connection with it. It is railroading which in recent years has been the principal point of attraction for our accruing surplus capital, and in that line of investment our people have made large profits.

The British import of silver during the calendar year 1886, stated at its gold value, was £7,471,639, as compared with £9,377,601 in 1885, being a falling off of rather more than one-fifth. There was necessarily a corresponding falling off in the British export of silver to India. Of the shortage of £1,905,922 in the British receipts of silver in 1886 as compared with 1885, about one-half was due to its diminished receipts of that metal from this country. The silver production of the United States was even larger in 1886 than it was in 1885, but more of it went to the mints in consequence of its extreme low price during the greater part of 1886. If silver should fall to 40d. per ounce in London, there would probably be no net export of it from this country, because there would be less produced, while more would go to the mints under a fixed monthly purchase of \$2,000,000 worth.

OUR COINAGE AND THE MINT.

[CONCLUDED FROM THE FEBRUARY NUMBER.]

The position of foreign coins in our circulation was defined and declared by Congress in an act approved March 3, 1873. This act constitutes section 3,564 of the Revised Statutes of 1874, and is as follows: "The value of foreign coin as expressed in the money of account of the United States shall be that of the pure metal of such coin of standard value; and the values of the standard coins in circulation of the various nations of the world shall be established annually by the Director of the Mint, and be proclaimed on the first day of January by the Secretary of the Treasury."

The Act of 1873 relating to the mint, provided further, for the coinage of the copper-nickel, three and five cent pieces, and the bronze cent, and discontinued the silver three and five cent pieces. The bronze two cent piece was also discontinued, and as fast as they are redeemed by the Government are sent to the melting pot.

November 5, 1874, the edifice thereafter to be known as the San Francisco Mint, was formally delivered over to its first Superintendent, General G. O. Lagrange. This building, which is conspicuous both for its magnificent architectural appointments and faultless interior arrangements, is situated corner of Mission and Fifth streets, and is said to be one of the finest mints, all things considered, in the world. Its need was apparent and pressing before it was erected,

the coinage of the trade dollar drawing very largely upon its resources for a long time.

Two twenty-cent silver piece, the use of which in many quarters has been the source of no little annoyance, was designed by Dr. Linderman in April, 1875. It was intended for use solely on the Pacific coast, and was made with a smooth edge so as to be readily distinguished from its neighbor the quarter.

The silver agitation which began in 1875, resulted in the law of 1878, re-establishing the silver dollar. From 1806 to 1836 not one coin of that denomination and material was struck at the mint, and all or nearly all had disappeared from the circulation.

During and subsequent to the war the production of both gold and silver had gone on at a considerable rate of increase. For a time the consumption in the arts and manufactures kept pace with the supply; but at length silver began to be more abundant and its market value to fall. This led the producers of the metal to devising means for its utilization, which resulted in the agitation referred to. The arguments employed were stated with great clearness and force, the van being ably led by Senator Jones, of Nevada.

In 1876 a bill was introduced into the House providing for the free coinage of silver. This was a bold step on the part of the silver men, but it was taken and defended with every assurance of certain triumph. The bill, which it was finally necessary to pass over the President's veto, became a law February 28, 1878. It provided for the coinage of the silver dollar with the maximum limit of \$4,000,000 per month and the minimum of \$2,000,000. The advocates of a free coinage were much displeased at the arbitrary limit imposed, but were forced to abide the result.

The scarcity of specie in our circulation from 1862 to 1876 is easily accounted for. Its displacement by a paper currency had resulted in driving it to the West Indies and South America. In 1878, partly because silver had come into use again here, partly on account of an increase in imports, and partly as the natural effect of the adoption of paper money by Chili, Peru and other South American countries, the precious metals flowed back into this country in large quantities.

The bill under which our present silver dollar was authorized is known as the Bland bill, the weight being the same as the old dollar, or $412\frac{1}{2}$ grains standard. It is legal tender to any amount.

The most recent new coin issued by the mint is the nickel five-cent piece authorized in 1883. The original impression was found to be defective in that the word *cents* was entirely omitted from the coin, although the reverse had a V. stamped very conspicuously upon it. It was found very soon that the coin by being gold plated would pass among the uninformed for five dollars. The proper remedy for this defect was soon applied.

A few words now, with reference to the mint as now constituted and operated. The Director of the Mint has his office at Washington, it being a bureau of the Treasury department. The present chief of this bureau is James P. Kimball, with the title of Director. In the discharge of the duties of his office he has the co-operation of seventeen assistants, men and women, the principal offices being Examiner, Computer, Assayer and Adjuster. The mints and assay offices, now employed in the manufacture and adjustment of the coinage of the country are as follows: The head mint is at Philadelphia; the title of its chief is Superintendent, and he has the assistance of an assayer, melter and refiner, coiner, engraver and 117 subordinates in the general department; 7 in the assayer's department; 44 in the melter's department; 224 in the coiner's department and 8 in the engraver's department, or 405 in every capacity. The mint at San Francisco employs a Superintendent and 166 subordinates; the mint at Carson, a Superintendent and 18 subordinates; the mint at New Orleans, a Superintendent and 110 subordinates; the assay office at New York, a Superintendent and 66 subordinates; the mint at Denver, an Assayer in charge with 11 subordinates; the assay office at Helena, an Assayer in charge and 11 subordinates; the assay office at Boise, an Assayer and melter and 4 subordinates; the assay office at Charlotte, an Assayer and melter and one assistant; the assay office at St. Louis, an assayer in charge and 3 subordinates. Thus the grand total of employees in this branch of our Government service reaches the significant number of 821.

The salaries paid some of the principal officers are as follows:

Director at Washington	\$4,500
Superintendent, Philadelphia	4,500
Superintendent, San Francisco	4,500
Superintendent, New Orleans	3,500
Superintendent, Carson	3,000
Superintendent, New York	4,500
Assayer, Denver	2,500
Assayer, Helena	2,500
Assayer, Boise	2,000
Assayer, Charlotte	1,500
Assayer, St. Louis	2,500

The total expense for salaries and wages during the year 1885, according to the annual report of the Director of the Mint, was \$1,005,080.33. The total expense of maintenance of the mints and assay offices, including cost of assaying and coining, was \$1,585,256.77. The total receipts during the same period composed mainly of seignorage charges for the standard silver dollar were \$5,147,218.16. Our total coinage is the product of the four mints, located respectively at Philadelphia, San Francisco, Carson and New Orleans, the operations of the assay offices, other than at New York, being confined to the receipt of gold and silver bullion for melting and assaying and returning to the depositor of the same, in bars, with

the weight and fineness stamped thereon. Of the mints above mentioned, that at San Francisco receives by far the largest deposits of the precious metals, and issues the most coin. Of course Philadelphia stands second in the list, although the assay office at New York is credited with larger deposits of bullion, both gold and silver. The cost per piece, of the coins of every description now in use, for the year 1885, varies at the different mints; at Philadelphia it was 1.898 cents; at San Francisco, 5.804 cents; at Carson, 9.138 cents; at New Orleans, 1.496 cents; the average being 2.354 cents.

The total coinage of the United States Mint and branches from its organization in 1792 to the close of the fiscal year ending June 30, 1885, is as follows:

Gold of every description.....	\$1,389,981,508 50
Silver of every description.....	434,224,610 00
Minor coin of every description.....	17,463,608 44

The officers of the mint are appointed by the President with the advice and consent of the Senate. The following are the names, with date of appointment, of the several Directors of the mint from its organization to the present time:

David Rittenhouse.....	April 14, 1792
Henry W. De Saussure.....	July 8, 1795
Elias Bondinot.....	October 28, 1795
Robert Patterson.....	January 17, 1806
Samuel Moore.....	July 15, 1824
Robert M. Patterson.....	May 26, 1835
George N. Eckert.....	June 30, 1851
Thomas M. Pettit.....	April 4, 1853
James R. Snowden.....	June 3, 1853
James Pollock.....	May —, 1861
William Millward.....	October —, 1886
H. R. Linderman.....	April —, 1867
James Pollock.....	May —, 1869
H. R. Linderman.....	March —, 1883
H. C. Burchard.....	June —, 1879
James P. Kimball.....	June —, 1885

The history of this nation for a hundred years has been very largely a struggle for place and power among the other nations of the world. When external differences have not occupied the attention and called into play the resources of our people, we have been harassed by internal feuds and dissensions, the suppression and regulation of which have demanded both time and energy. Thanks to a favoring Providence we can begin to feel that a security and prosperity is, and will, beyond doubt, continue to be ours, such as has never yet been vouchsafed to any other nation under the sun.

The criticism frequently put forward, that, as Americans we have few distinctive elements in our make up, is, although largely true, readily accounted for in the light of facts and history. We have done much, very much, in science and art and literature, and yet the trend of the American mind and impulse has been so constantly toward immediate surroundings that little time has been found for

the cultivation of the refinements of life. The more credit is due that so much has been accomplished with the available resources.

But a new era, we are bound to believe, is upon us. Much has been done, much, much more will be accomplished in the future. To briefly apply the foregoing to the matter in hand, we are led to remark that our coinage is susceptible of very great improvement in many ways. Heretofore, utility has been the chief end in view in constructing the coinage, as in most other matters. We have had little time, however strong the inclination, to give special attention to the artistic and historic qualities of our coinage. Other nations have done this to some extent, although the attitude of most of our modern governments is altogether too conservative and utilitarian for any permanent progress in this direction. We have now the resources and opportunities at hand, to make significant advance in many directions heretofore left unemployed. We are glad to see that such resources and opportunities are not ignored but are already bearing abundant fruit in many directions.

Of what inestimable value have been the coins and medals of the ancients in the interpretation and corroboration of disputed historic facts. How definite a knowledge of the actual state of art in those days is thus obtained. The Greeks have left to us the finest specimens of numismatic art, and yet against what odds they must have executed their work. The Romans displayed less skill and taste, and yet they produced many creditable coins and medals. Modern nations in only a very few instances have done anything that will in any degree bear comparison with these efforts of ancient civilization. France and Germany, and even England and America have a few representative medals, but in nearly every instance they are the product of Italian skill. We have reason to believe that the good sense and taste of our people will suggest an advance in the artistic qualities of our coins ere long, and that in place of an inelegant and merely useful product of our mints we shall have something, the excellence of which will commend itself to all after time.

Dr. Linderman, the Director of the Mint, in 1877 applied to the various nations for specimens of their coinage for the purpose of making comparisons with our own. The results of his efforts are a matter of record. He found the coins of the Netherlands and Germany both concave and convex, so that they would not pack together readily, and the resulting abrasion in use he found to be very great. In the case of France and England he found their coins to exhibit finer workmanship and more artistic devices, but in fineness of metal and general execution our coins stood the comparison with credit.

Franklin Peale, for many years coiner as well as melter and refiner of the United States Mint, has said: "The highest grade of

artistic ability should be made subservient to the production and issue of the coins of this Republic, in which respect it has hitherto been lamentably, if not disgracefully, deficient." An English authority of some eminence, Robert Musket, has said: "The coinage of a country speaks with unerring accuracy and truth, and so long as coins are extant to bear witness to barbarity or refinement, rudeness or taste, ugliness or beauty, clumsiness or elegance, we cannot, as in some historical researches, be perverted by prejudice or deceived by ignorance."

The bearing of the foregoing remarks upon the matter in hand is apparent. It is an oft repeated suggestion that the artistic quality of our coins in common use can and ought to be greatly improved. In place of the flat, characterless figures now impressed on our coins, let us have relief work of the highest order, such as we see occasionally on French medals. The artistic sense of our people, which is on a rapid advance by means of the ample facilities now afforded the young, especially, will receive great aid and encouragement by the necessary familiarity with work of a high order as displayed on the money in daily use.

Our coinage may, moreover, be made to assume an historic value now denied it, if, instead of the purely conventional designs now employed, we should place the profiles of the great men of the nation, those who have helped to make us what we are, a strong and united people. From the time of Washington down, our money could be made to assume an historic value and interest which in after time would operate to our advantage. Certainly there is no gain in being behind other governments in this respect, and we can see an important advantage in leading in a reform in the present condition of the world's metallic money.

A few words now with reference to the value of our coins when viewed in the light of dates, as is done by the modern collector of the same. As a rule the older coins are the most valuable. The silver dollar of 1804, which is extremely rare, is said to be valued at from \$500 to \$1,000 each, according to fineness of specimen. From this date down to 1836 no dollars were coined. "Proofs" of 1836 dollars are worth \$10, and examples \$5. The issues of 1838 and 1839 are rare enough to command for good specimens as high as \$40. Specimens of the 1851 and 1852 dollar are rare and are worth \$35 or \$40 each. Previous to 1804, the value of a good specimen varies from \$1.75 for 1799 to \$5 for 1798, and \$4 for 1801. The first date of all, 1794, brings \$50. Some of the early dates are made particularly valuable by reason of a variation in the number and style of stars, there being three varieties of 1798 and five of 1795.

Of the silver half dollars, those of 1796 and 1797 are the most valuable, choice examples being worth from \$15 to \$20. Good

specimens of other years previous to 1806 will bring from \$2 to \$4. One of this class for 1815 is quoted at \$2.50, and then they are of little rarity until 1836, when a specimen with reeded edge and head of 1837 is valued at \$3 and \$4. The other issue of this year is worth \$1. The next dates of note are 1850, 1851 and 1852, and are valued at \$1.50, \$2.50 and \$3 respectively. More recent dates are only valuable to collectors in perfect condition, "proofs" of later issues only being desired, and they range in worth from \$1.25 to \$8.

Among the quarter dollars are to be found many rare, and, therefore, valuable dates. Among this class may be mentioned coins of 1823 and 1827 which are extremely rare and command from \$45 to \$75 each. The 1853 issue, without arrows, is also much sought after, fair specimens bringing from \$6 to \$8. The only remaining dates worth over \$1 for "good" examples are 1824, \$1.50; 1822, \$2; 1819, \$1.75; 1815, \$2; 1807, \$2; 1806, \$2; 1805, \$1.50; 1804, \$4; and 1796, \$4.

Silver dimes are even more rare in the earlier dates than the quarters, owing to the fact that their larger circulation entails greater wear, leading to their withdrawal. From 1828 back to 1796 they range in value from \$1 to \$7. The valuable dates are as follows: 1824, \$2.50; 1809, \$3; 1807, \$2; 1803, \$3; 1802, \$6; 1801, \$5; 1800, \$7; 1798, \$5; 1797, \$5; and 1796, \$3.

Of all the minor coins, however, an 1802 half-dime is the most valuable, the price ranging from \$75 to \$200, according to specimen. A 1794 is worth \$4; 1796, \$4; 1797, \$2; 1800, \$1.25; 1801, \$6; 1803, \$4; 1884, \$4; 1840 (with drapery) \$1; 1846, \$1.75. From that date until 1873, when the coinage closed, no unusual value attaches to this class. A first-class specimen of the last mentioned date is worth fifty cents.

The three cent silver pieces were issued from 1851 to 1873 only, and present few valuable dates. A fine specimen of 1855 will bring \$2.

The old copper cents are becoming more and more valuable as keepsakes as the years advance, the last coin of this class having been struck in 1857, or thirty years ago. A 1793 (wreath variety) is worth \$15; 1793 (liberty cap), \$30; 1793 (chain varieties), \$10; 1795, \$10; 1796 (filled head), \$10; 1799, \$30; 1804, \$20; 1806, \$12; 1808-9, \$6; 1811, \$8; and 1813, \$4. Later dates are valued from \$4 down.

Half cents were coined from 1793 until 1837, with occasional breaks. The issue of 1796 is too rare to be quoted. A 1793 specimen is said to be worth \$4; 1794, \$2.75; and from this price down for later dates.

Most of the late coins have little value, as yet, for collectors.

The colonial coinage of the last century, few good specimens of

which are now extant, command large prices. The Pine Tree shilling, sixpence, threepence, and twopence, which were once so common in the Massachusetts colony, have now reached a value which the jolly old coiner who gave his daughter's husband the girl's weight of them as a portion, little dreamed of. They are worth from \$2 to \$8 each.

WILLIAM WOODWARD.

THE RELATIONS BETWEEN BANKS AND THEIR DEPOSITORS.*

PRESENTMENT OF CHECKS.

To fix the liability of the drawers and endorsers of checks they must be presented to the drawees in accordance with the rules of law. The law presumes when a check is given that the drawer will provide funds at the proper time for its payment. It is not reasonable to require him to keep funds indefinitely for that purpose, at the place where the check is payable, for there is a risk in doing so; the drawee may fail and the funds be lost. It is important, then, to ascertain what the rules of presentation are.

The question of reasonable time is one of law. Furthermore, the courts very generally have determined what is a reasonable time for presenting them. The rules which apply between holder and drawer differ from those between holder and indorser and will be first given. They have been stated by the Supreme Court of Michigan in the following manner:

If the person who receives the check and the banker on whom it is drawn are in the same place, the check must, in the absence of special circumstances, be presented the same day, or, at latest, the day after it is received. (*Himmelman v. Hotaling*, 40 Cal., 111; *Wear v. Lee*, 87 Mo., 358; *Simpson v. Pacific Mut. Life Ins. Co.*, 44 Cal., 139; *Cawein v. Browinski*, 6 Bush., 457; *Schoolfield v. Moon*, 9 Heisk., 171; *Alexander v. Burchfield*, 7 Man. & G. (49 E. C. L.), 1,061; *Boddington v. Schlencker*, 4 Barn. & Adol., 752; *Moule v. Brown*, 4 Bing., N. C. 268,

If, however, the person who receives the check and the banker on whom it is drawn are in different places, in the absence of special circumstances the check must be forwarded for presentment on the day after it is received, at the latest; and the agent to whom it is forwarded must, in like manner, present it, at the latest, on the day after he receives it. (*Hare v. Henty*, 30 Law J., C. P. 302; *Prideaux v. Criddle*, L. R. 4 Q. B., 455; *Griffin v. Kemp*, 46 Ind., 176; *Woodruff v. Plant*, 41 Conn., 344; *Burkhalter v. Second*

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Nat. Bank, 42 N. Y., 538; *Bond v. Warden*, 1 Colly., 583; *Firth v. Brooks*, 4 Law T. (N. S.) 467; *Blair v. Wilson*, 22 Grattan, 165.*

Concerning the first of these rules, Chief Justice Nicholson, after remarking that the check is "an appropriation as between the drawer and holder to the latter of so much money in the banker's hands," continues, "The holder of the check may allow the money to remain in the banker's hands, and the drawer cannot complain unless he is injured thereby. But the risk of allowing the money to remain in the banker's hands, after the expiration of the banking hours of the day after the check is drawn rests upon the holder of the check." *Schoolfield v. Moon*, 9 Heisk. (Tenn.) p. 173.†

In applying the second rule it was held that the holder of a negotiable check payable on demand, drawn in New York on a bank in Mississippi, and presented for payment and refused, more than ten months after its date—the bank having suspended payment a few days before presentation and owing the drawer—could not recover

* "If the payment is not thus regularly demanded," said Judge Lumpkin, "and the bank or bankers should fail before the check is presented, the loss will be the loss of the holder, who will make the check his own, at his sole risk, by his laches. The reason for this strictness is said to be that a check, unlike a bill of exchange, is generally designed for immediate payment, and not for circulation; and therefore it becomes a duty of the holder to present it for payment as soon as he reasonably may, and if he does not, he keeps it at his own peril. (*Daniel v. Kyle*, 5 Ga., 245; *Himmelman v. Hotaling*, 40 Cal., 111.)

† "The law is well settled that all drafts, whether foreign or inland bills, must be presented to the drawee within a reasonable time, and in case of non-payment notice must be given to the drawer to charge him. But what is a reasonable time under all the circumstances, is sometimes a most difficult question. The general doctrine is, each case must depend on its own peculiar facts, and be judged accordingly. (*Montelius v. Charles*, 76 Ill., 387; *Stephens v. Park*, 73 Ill., 387.) In the absence of any qualifying circumstances, the holder should present the bill to the person or bank on which it is drawn, if within reach of such drawee, within business hours of the day next succeeding the receipt of the paper, and give notice of the dishonor to the drawer. (*Bickford v. First Nat. Bank* 42 Ill., 238; *Strong v. King*, 35 Ill., 9.) This rule applies to bank checks as well as bills of exchange, strictly so-called. But in case of either, the rule is modified to a limited degree by the relations of the parties, their circumstances, manner of doing business and facilities for making prompt presentation of the paper for payment." Bailey, J. (*Allen v. Kramer*, 2 Brad., p. 209.) But the Court did not distinguish between checks drawn in the same town and those out of town.

† In New York, Judge Miller has remarked on the abundance of the authorities that the holder of a check has the day after it is delivered in which to make a presentment for payment. (*Syracuse Railroad Co. v. Collins*, 3 Lans., p. 31, citing *Kelly v. Second Nat. Bank*, 52 Barb., 328; *Johnson v. Bank of North America*, 5 Robt., 592; *Hazleton v. Colburn*, 1 Robt., 345; 2 Abb. Pr. N. S., 199; *Merchants Bank v. Spicer*, 6 Wend., 443; *Mohawk Bank v. Broderick*, 10 Wend., 304, S. C., 13 Wend., 133.) In *Cawein v. Browniski*, 6 Bush., 457, the drawer of the check on the day of drawing it had more than enough money on deposit to pay it, the bank promptly paid all checks on that day, the check in question was drawn at half past twelve o'clock, the drawer, drawee and payee resided in the same city. If presented on the day of delivery it would probably have been paid, but that evening the bank closed forever. The payee took it to the bank the next day and demanded payment, on refusal of which he sued the drawer and recovered. The holder of a check may present on a drawee bank in the same town or may present it for payment at any time the day after it is drawn, and his omission to do so sooner is no defense to the bank unless he had information of its precarious condition. *Bank v. Alexander*, 84 N. Car., 30.) When a check was drawn at two o'clock on Saturday afternoon and presented for payment at eleven o'clock on Monday forenoon, the drawee was not discharged, although his place of business was only eighty feet distant from the holders. (*O'Brien v. Smith*, 1 Black, U. S., 99.)

against the drawer, as he had sustained a loss in consequence of the delay in presenting the check for payment. (*Little v. Phoenix Bank*, 2 Hill, 425.)

On the evening of the 22d of February, 1871, J delivered to C a check drawn on the Wheeling Savings Institution. C resided fifteen miles from Wheeling, and his nearest post office was three miles away. The mail from there was tri-weekly, closing at half-past seven in the morning on Tuesday, Thursday and Saturday, and arriving at Wheeling before twelve. The bank was in truth insolvent before the 22d of February, but continued to pay depositors until Saturday noon, the 25th, when it failed and closed its doors. It was decided that C was not required to mail the check to his agent or banker at Wheeling, for presentment, on the day he received it; nor to mail it on the morning of the 23d in time for the half-past seven mail, as that was an unseasonable hour at that season of the year, that he was not negligent in delaying presentation before the failure of the bank, nor was J prejudiced by his conduct. (*Cox v. Boone*, 8 W. Va., 500.)

Judge Foster has remarked concerning this rule in *Woodruff v. Plant* (41 Conn., 344) that "what is a reasonable time will depend upon circumstances, and will, in many cases, depend upon the time, the mode, and the place of receiving the check, and upon the relations of the parties between whom the question arises." Thus, W desiring to make a remittance to a creditor at a distance asked P, who had an account with the banker in another place, to give him his check in exchange for bank bills, which he did. P knew why W desired the check and that several days would elapse before it would reach the drawee. W endorsed the check to his creditor and sent it by the next mail. When the check reached the drawee, three days afterward, he had failed and payment was refused. W having sued P on the check, it was decided that the presentment was within a reasonable time and that he was liable.

A check for a small sum was given late in the afternoon at a lumber camp twenty miles from the bank, to a merchant whose place of business was 27 miles by rail in another direction, and who had to be there on the following day, which was Saturday. On Monday he left the check at the local bank for collection, but the other bank failed early that day. It was held that the delay in presenting the check for payment was not such as would release the debt for which it was given. (*Freiberg v. Cody*, 55 Mich., 108.)

A, of Cincinnati, who was indebted to B & Co., of Springfield, Ohio, forwarded to them by mail at their request on Saturday his check of that date drawn on a Cincinnati bank. The check was received by B & Co. by due course of mail on Monday morning and was mailed on the following day by the holder to a bank in Cincinnati to be collected. It was received there in due course of mail on

Thursday morning and presented for payment on the same day. This was not such a want of reasonable diligence as to discharge the drawers. On the other hand, "a higher degree of diligence could not reasonably have been expected by the drawers," nor was required by the rule applying to such a case. (*Werk v. Mad River Valley Bank*, 8 Ohio St., 301.)*

"That the time for presentment may be extended by the assent of the drawer, express or implied," said Judge Foster (*Woodruff v. Plant*, 41 Conn., 344) is well settled. (*Alexander v. Birchfield*, 7 Man. & G., 1061.) Here the time for presentment was extended by the assent of the drawer, though not for a definite time. Nothing is plainer than that the time may be extended by the assent of the drawer, express or implied." (*Holmes v. Rae*, 28 Northwest Rep., 864.) And in *Compton v. Gilman* (19 W. Va., 312, p. 316) Judge Patton has remarked, "While it is settled that a check should be presented promptly to the bank for payment, otherwise the drawer will not be responsible, and no action can be maintained against him upon the check, it is equally well settled that the necessity for such presentment may be waived by the representation and conduct of the drawer. What representation and conduct are sufficient to dispense with the prompt presentation of the check are matters of fact to be determined under the circumstances of each case." (*Devendorf v. West Virginia Oil Co.*, 17 W. Va., 174; *Commercial Bank v. Hughes*, 17 Wend., 94; *Franklin v. Vanderpool*, 1 Hall, 78; *Cox v. Boone*, 8 W. Va., 510.)

Although it is the duty of the holder to present his check to the drawee in accordance with the foregoing rules, yet if he neglect to do so the drawer is not exonerated from payment unless he can prove an injury from the delay. "The rule is settled," says Judge Miller, "that in a case of a check, the drawer is to be treated the same as a principal debtor, and he is not discharged by any laches (or negligence) of the holder in not making due presentment thereof, or in not giving him notice of dishonor, unless he has suffered some loss or injury thereby and then only *pro tanto* (citing *Harbeck v. Craft*, 4 Duer, 129.) It must, however be made to appear that no damage or injury was caused in consequence of the omission. (*Commercial Bank v. Hughes*, 17 Wend., 94; *Little v. Phanix Bank*, 2 Hill, 425; *Murray v. Judah*, 6 Cow., 490; *Gough v. Staats*, 13 Wend., p. 552, citing *Rickford v. Ridge*, 2 Camp., 537; *Robson v. Bennett*, 2 Taunt., 389, 1 Holt, 313; *Cornell v. Lovett*, 1 Hall, Sup. Ct., N. Y., 68; *Woodin v. Frazer*, 6 J. & Sp., 190; *Syracuse & Co. v. Collins*, 1 Abb. N. C., 47; *Church v. Farndraw*, 1 Sheld., 393; *Scott v. Meeker*, 20 Hun., 161.) The drawee of a negotiable check is not discharged from liability by the delay of the holder to make presentment and give notice of his dishonor unless he has suffered loss

* A check drawn on Sunday, but with the date of the next day, and delivered on Sunday, was regared as dated on Monday, and consequently had all of the next day to send it by mail. (*Braun v. Kimberlin*, Hamilton Co. Dis. Ct., Ohio, 9 Rec., 405.)

thereby, and then only *pro tanto*. If the drawee remains solvent and the fund on which the check is drawn is unaffected by the delay, the liability of the drawee continues in full force. The *bona fide* holder is not affected by secret equities existing between antecedent parties. (*Stuart v. Smith*, 17 Ohio St., 82.)

As between the former and holder, therefore, if the former has not sustained injury by delay in presenting and demanding payment of his check he will not on that ground be exonerated from paying it. In applying the principle the question is, has the drawer suffered from delay in presenting his check? Putting the question in another form, when is the holder excused from not presenting a check to the drawee as the foregoing rules require? (*Elting v. Brinkerhoof*, 2 Hall, N. Y., 459; *Hoyt v. Seeley*, 18 Conn., 353; *Smith v. Jones*, 2 Bush., 457; *Cawein v. Brownniski*, 6 Bush. Ky., 457. *Pimer v. Clay*, 17 B. Monroe, 645; *Emory v. Hobson*, 63 Maine, 32; *Cogswell v. Bank*, 59 N. Hamp., 43; *Cox v. Boone*, 8 W. Va., 500.)

In the first place he is excused when the drawer has no funds with the drawee to pay it. In the words substantially of Judge Christian, in *Bell v. Alexander*, (21 Grattan, 1, p. 6.) "When the drawer at the date of the check, or at the time of the presentment of it for payment, had no funds in the bank, or if, after drawing the check, and before its presentment for payment or dishonor, he has withdrawn his funds, the drawer remains liable to pay the check, notwithstanding the lapse of time." In another case the holder of a bank check did not present it for payment until more than two years after receiving it, omitting meanwhile to give any notice to the drawer of non-payment. The drawer in truth never had funds in the bank sufficient for the payment of the check before it was protested except at one time, and then they were immediately drawn by himself. The bank was not insolvent and the drawer sustained no loss or injury from the delay in the presentment or by the want of notice of non-payment. It was held that neither the delay in the presentment, nor the notice of non-payment* exonerated the drawer from liability. (*Hoyt v. Seeley*, 18 Conn., 353.)

If the maker should withdraw from the bank his entire deposit against which a check is drawn, he is not injured by delay in presenting it, nor by lack of formal notice of its non-payment before an action is brought thereon. (*Emery v. Hobson*, 63 Maine, 32.) In another instance a person drew his check for the accommodation of B, who transferred it to D, but who did not present it for pay-

* If the maker of a check payable instantly has no funds at the time in the bank in which it was drawn, the check while unexplained is regarded as a fraud, and the holder can sustain an action thereon, without presenting the same, or giving notice. (*True v. Thomas*, 16 Maine, 36.) "A check drawn upon a bank in which the drawer has no funds need not be presented at all in order to sustain an action upon it." (*Foster v. Paulk*, 41 Maine, 428; *Franklin v. Vanderpool*, 1 Hall., 78.) When the maker of a check has no funds in the bank on which it is drawn he is not entitled to notice of protest. (*Fitch v. Redding*, 4 Sandf., 130; *Sterrett v. Rosencrans*, 3 Phil., 54. See § 73.)

ment for more than five months. When he did so the drawer had no funds in the bank, though he had had for three months or more and if the check had been presented during that period it would have been paid. Having been sued, the drawer claimed that he was discharged in consequence of the holder's delay in presenting it for payment. The Court said: "By the check he had appropriated its amount to this holder and had no right to withdraw it afterward. The delay in presenting the check was at the risk of the holder. If the bank had failed the loss would have been his. But the money so set over was afterward withdrawn by the drawer of the check himself, and thus, after having taken the money, he is now attempting to throw the loss on the party whose money he unjustly appropriated." He therefore was liable. (*Deener v. Brown*, 1 MacArthur, Sup. Ct., D. C., 350.)*

On the 16th of February, 1842, A drew his check on the Bank of Missouri for \$1,000. On the 24th of the same month it was presented for payment, which was refused except in bills of the State Bank of Illinois. At the time the check was drawn, A had on deposit in the bank, \$1,702.69 in bills of the other. On the 27th of the same month he withdrew his deposits they having depreciated in value between the delivery of the check and its presentation for payment. All of the parties resided in St. Louis. It was decided that the holder could not, under the circumstances, recover the check from the drawer. (*St. John v. Homans*, 8 Mo., 382.)

The insolvency of the drawee within the time given to the holder for making presentment, will excuse him from doing this. Thus, C offered to pay on account, to his creditors' agent in money, but at the latter's request gave him a check which was drawn on a bank in which he had a sufficient deposit. The bank paid drafts as appeared subsequently on the same day and during an hour on the morning of the succeeding day; it then became insolvent, and fifteen days afterward was declared a bankrupt. No presentation of the check was made at the bank or demand of payment on C, nor did he have notice of non-payment until two weeks after the delivery of the check. Nevertheless, the principal recovered. (*Syracuse R. Co. v. Collins*, 3 Lans., 29.)

The 2d of October, A drew a check on B, a banker, in favor of C, who, on the same day transferred it to D. The next day B suspended payment. On the 6th of October, A, who had previously

*"If a check is made upon a supposed depositary and the drawer had no funds and made no provision to meet the check, or had drawn them out, he will not be permitted to take advantage of want or diligence in its presentation. To do it would enable him to work a fraud, to pocket his original money and the consideration of the check." (Bliss J. in *Moody v. Mach*, 43 Mo., 210.)

* When one knowingly draws his check on a bank which is insolvent and cannot pay, but which if solvent, and able to pay, is not indebted to him even on a balance of account, he is not in a condition to be injured by failure to receive notice of dishonor. (*Warrensburg etc. Association v. Zoll*, 83 Mo., 94.)

begun suits by attachment against B to recover the amount of his deposits, compromised them and received the same. The check was not presented until nearly the end of January, the following year, when payment was refused. The check was duly protested and notice was given. In a suit by D, the holder, against A, the drawer, the latter was not discharged by the delay. (*Morrison v. McCartney*, 30 Mo., 183.)

"The holder of a check is in the exercise of due diligence when he presents it for payment in accordance with the usage of the bank in the place where it is made payable, and of the persons who have accounts with such banks, provided such usage is well established, lawful and reasonable in its character, uniform and general in its application, known and recognized by the mercantile and trading community, and by the parties to the check. When such a usage exists, those who make contracts within its purview are presumed to have made them with reference to it; and it is deemed to form a part of their contracts, as much so as though it were actually incorporated into them."*

The foregoing principles were applied in the following case: A well-known usage existed among the banks in Portland, Maine, where all checks were exchanged at a "clearing house" held every morning by the clerks representing each bank. The exchange included only checks held by each bank at the close of the previous day's business; and each bank receiving checks from the clearing house, had the right by usage, immediately to return those which were not covered with deposits. Persons also having bank accounts deposited in their own bank, checks received by them on any other. The deposit was made on the day of receiving the check if in time to do so, but if the bank was closed, the check was deposited the next day. M, who resided in Portland, was the holder of a note against B, and requested its payment. B sent C's check, which was duly received, but too late for deposit on the same day. This, however, was done the next day, and on the morning of the third day it was presented for payment through the clearing house, but not paid because C had failed. M then brought suit against B on the note, and recovered, the Court declaring that the taking of the check was not payment, and, furthermore, that the plaintiff was not negligent in presenting the check by agreement of the parties as interpreted by the usage.†

* *Smith v. Miller*, 43 N. Y., 171.

† *Williams v. Gilman*, 3 Maine, 281; *Leach v. Perkins*, 17 Maine, 465. Judicial notice must be taken of the ordinary rules and necessities of banking business. "Banks have a right to expect their depositors to know their usages and to conform to them, and they have a right to rely to a reasonable extent on the presumption that their customers are thus dealing with them." (*American Nat. Bank v. Bushey*, 45 Mich. 135, p. 140.) "Where the law requires a certain thing to be done contract or usage may omit it by providing a substitute. But if the thing required be done, there is of course, no need for the substitute." When there has been due presentment of a check to the drawee and payment demanded and

So in *Hooker v. Franklin* (2 Bosw., 500) it was held that a bank is not negligent in presenting the check of a depositor for payment on the following day, if this be the usage of business. Hence, in such a case, if the check be not paid when presented after due notification of presentment and refusal of the drawee to pay, the depositor is liable thereon, although the drawer had enough funds in the bank on which it is drawn during the day it was deposited and subsequently.

But usage or custom does not affect the rules of presentment so much everywhere. Thus, in Missouri, the custom of banks in making payments through the clearing-house does not alter the rule that a check must be presented to the bank on which it is drawn at least during banking hours of the next succeeding business day. (*Rosenblatt v. Habermann*, 8 Mo. App., 486, citing *Alexander v. Burchfield*, 1 Car. & P., 75 S. C., Man. & Grang., 1061; *Holmes v. Roe*, 28 Northwest. Rep., 864.)*

When the holder of a check is prevented by a state of things beyond his control from presenting or sending it to be presented, for payment, the delay is excused. But when the delay is for three months or more the reason must be shown. The requirement of due diligence of the holder will not be evaded by showing that the drawer had no funds in the hands of the drawee, unless it be made to appear that this want of them was the result of some fraudulent act of the drawer or indorser. If the maker or indorser has been guilty of some fraudulent act concerning the check, for example, the not having funds in the hands of the supposed depository, and has made no provision to meet his check or has fraudulently withdrawn his funds before the presenting of it, he cannot not avail himself of the negligence of the payee or holder as a defense against the check. *Moody v. Mack*, 43 Mo., 210; *Linvill v. Welsh*, 29 Mo., 203; *Adams v. Darby*, 28 Mo., 162; *Morrison v. McCartney*, 30 Mo., 183.

If the holder of a check is not able to present it by reason of the removal of the bank and the condition of the country he should give notice of the fact to the drawer and offer to return it. And if he fails to do so the drawer is not liable. (*Purcell v. Allemong*, 22 Grattan, 739.) Though the holder of a check is disabled so that he cannot go in person to present the check for payment, yet if he might have sent it by mail he will not be excused for not presenting it. (See *Bell v. Alexander*, 21 Grattan, 1.)

If it is agreed to send a check to another city to be cashed, the drawer will remain liable if presentation for payment be made within a reasonable time. (*Stevens v. McNeill*, 26 Barb., 651.) And if the refused, the drawer, if otherwise liable, is not discharged because of a failure to present the check at the clearing house, in accordance with a mercantile usage, though it would have been paid had it been so presented. (*Marrett v. Brackett*, 60 Maine p. 527.)

* *Klukamp v. Meyer*, 5 Mo. App., 444.

drawer of a check stop payment of it, he is not entitled to notice of non-payment. (*Purchase v. Mattison*, 6 Duer., 587; *Jacks v. Darrin*, 3 E. D. Smith, 557); but the payee cannot sue on the original cause of action without accounting for the check. (*Woodin v. Frazee*, 6 J. & Sp., 190.)

If a bank direct that checks drawn thereon be presented for payment to another bank, and the holder of a check complies with the direction, and payment be refused, the drawer is discharged whenever notice of non-payment is not given, though the check be presented to the drawees on the following day. (*East River Bank v. Gedney*, 4 E. D. Smith, 582.)

If a public officer, a county treasurer, for example, receive from the State treasurer a bank check he must present it within a reasonable time, like any other holder, and if he neglect to do this and the bank fails and a loss is incurred he can be held therefor. (*State v. Gates*, 67 Mo., 139.)

The accepting of a check by writing the word "accepted" thereon and by paying part of the amount is not such a change of the instrument as to work a discharge of the drawer and its sureties. This would be the case if the acceptance were conditional, fixing some other time or mode of payment than is implied in the language and terms of the check. (*Warrensburg, etc., Association v. Zoll*, 83 Mo., 94; *Taylor v. Newman*, 77 Mo., 265.)

If the holder sends a check by mail to the drawee for collection he makes the drawee his agent, and must bear any loss arising after the time when the check could have been presented by express or other usual method. (*Farwell v. Curtis*, 7 Biss., 160.)

Though delay in presenting a check will not discharge the drawer unless he has been injured, the holder in such a case is obliged to show affirmatively that no loss has happened to the drawer. (*Little v. Phoenix Bank*, 2 Hill, 425; *Griffin v. Riblet*, 6 N. Y. Legal Observer, 421; *Willits v. Payne*, 43 Ill., 433; *Stevens v. Park*, 73 Ill., 387.)

Although payable on demand, checks are not regarded as dishonored or overdue on the day or immediately after the day of their date. "A holder who takes a check in good faith and for value, several days after it is drawn, receives it without being subject to defenses of which he has no notice before or at the time his title accrued. This is the rule of law as settled by uniform practice and the current of decisions in the courts of the United States." (Bigelow, C. J., in *Ames v. Meriam*, 98 Mass., 294, p. 296, citing, *In re Brown*, 2 Story, 502.) Hence a check thus taken ten days after it was drawn was not subject to defences of which the taker had no notice before receiving the check. And when a check on a Boston bank was sent from that place by mail to Rochester, New York, and bought there four days afterward, and two days later was presented for payment, this check was regarded as not subject

to equities that might exist between the original parties. (*First National Bank v. Harris*, 100 Mass., 514; see *Stewart v. Smith*, 17 Ohio St., 82, see § 61.

"A check may be retained so long after its date, without presentation, as to cast discredit on it," said Chief Justice Mercur. On one occasion a check was drawn and delivered on Tuesday or Wednesday. The drawer, having no money at the time, requested the payee to hold until the Monday following Tuesday, or three days after its date; the payee passed it to another person for a valuable consideration. This was regarded not long enough to put the holder on inquiry with respect to the consideration for the check. (*Laber v. Steppacher*, 103 Pa., 83; *Walker v. Geisse*, 4 Whar., p. 256.)

Again Judge Woodward in the well considered case of *Lancaster Bank v. Woodward* (18 Pa., 357, p. 361), has remarked that "checks are no doubt often negligently retained and presented long after they should be; but when a bank sees that a customer appointed a day in his check for its payment, that that day has long since passed, and that no funds have been deposited to meet it, the bank must be held to the rule in regard to overdue paper, and be presumed to have taken it on the credit of the indorser." In that case the maker of the check paid it to the holder the day before the time appointed for payment. "As he had no funds in the Lancaster bank when he drew the check he was bound to place them there before it became payable, or pay the amount directly to the holder." He chose the latter alternative, but did not require the delivery of the check to himself as he ought to have done. More than a year after the date of payment and actual discharge of the same, the Lancaster bank received it from the Penn. Township bank. Two days afterward the Lancaster bank paid it, or rather placed it to the credit of the other, and subsequently claimed "to have been an innocent indorsee without notice." It was declared that these circumstances were sufficient to put the bank on inquiry, and therefore it could not thus be regarded.

"The presenting of a check for payment implies that the holder of it desires and is ready and willing to accept payment. If he should present it for the sole purpose of ascertaining whether the signature was genuine, or whether the drawer had funds to his credit, or merely for the purpose of being identified as the person entitled to payment, not intending then to present it for payment, it is clear that this would not constitute a demand of which in its very nature imports willingness on the part of the holder to accept the money at that time; but if the check is presented for payment with the present intention in the mind of the holder to accept the money if tendered, this must be deemed to be a demand of payment for all purposes affecting the rights of the drawer, even though the holder should afterward change his purpose and decline to accept the money when tendered by the bank. Having once demanded

payment in due form and within the proper time, and the bank being then and there ready and willing and offering to pay the check, the holder is not at liberty after this to retract or waive his demand and decline to accept payment without thereby releasing the drawer from further liability on the check. If the holder declines to accept payment when it is tendered on a proper demand, the liability increases, for the reason that his undertaking was that the check would be paid when payment should be first demanded, in due form and within the proper time; but he does not undertake that it will be paid on a second demand when payment has been tendered and refused on a prior demand made in due form and within the proper time." (Crockett J. in *Simpson v. Pacific etc. Co.*, 44 Cal., 139, p. 143.)

If an instrument be not a check, though having the proper form, because it is not payable in lawful money, presentment should be made and notice given to the drawer in the event of non-payment, but protest is not necessary. (*Bank of Mobile v. Brown*, 42 Ala., 108.) But a check given for borrowed money and held as evidence of the loan, need not be presented to the drawee. (*Carrier v. Davis*, 111 Mass., 480.)

The delivery of a bank check by one bank to the porter of another on which it is drawn, and the return of the same as not good, accompanied by evidence of the invariable practice of the porter to present checks thus received, and to return them if dishonored on the same day that they are delivered to him, is sufficient proof of presentment to satisfy the law. (*Merchants Bank v. Spicer*, 6 Wend., 443.)

As between the holder of a check and an indorser or third person, payment must be demanded in a reasonable time. (*Cogswell v. Bank*, 59 N. H., 43.) Said Judge Sutherland in *Gough v. Staats* (13 Wend., p. 552), "Where there is no dispute about the fact, whether the presentment is within a reasonable time or not is a question of law and must in some degree depend upon the particular circumstances of each case. Where there are no peculiar circumstances in the case the rule seems to be settled that no laches can be imputed to the holder if the check is presented on the day next after that on which it was given." (Citing *Richford v. Ridge*, 2 Camp., 537; *Robson v. Bennett*, 2 Taunt., 389; *Beeching v. Cower*, 1 Holt., 313; *Cornell v. Lovett*, 1 Hall (N. Y. Sup. Ct.) 68.) In *Mohawk Bank v. Broderick* (10 Wend., p. 307), Chief Justice Savage, after quoting with approval from the opinion of the Court in another case (*Merchants Bank v. Spicer*, 6 Wend., 445)—that "checks are considered as having the character of inland bills of exchange, and the holder thereof, if he would preserve his right to resort to the drawers and indorsers, must use the same diligence in presenting them for payment, and in giving notice of default of the drawer, that would be required of him

by the holder of an inland bill"—continues: "With regard to inland bills of exchange and promissory notes payable on demand, the only rule as to when payment must be demanded is that it must be done within a reasonable time. What shall be deemed a reasonable time must in some measure depend on the circumstances of each particular case. In this Court, whether the presentment is made within a reasonable time is held to be a question of law, where there is no dispute about facts; in some other Courts it is held to be a question for the jury." After reviewing several cases he concludes: "The true rule undoubtedly is that a check, to charge an indorser, must be presented with all the dispatch and diligence which is consistent with the transaction of other commercial concerns."* Hence, when a check was received on the 14th of January drawn on a bank sixteen miles from the receiver's residence, and between which places there was a daily mail, and it was not presented until the 6th of February the holder was declared to be negligent in presenting the check and the indorser was discharged. (*Mohawk Bank v. Broderick*, 10 Wend., 304, also on appeal, 13 Wend., 133.)

In another case in which all the parties to a check lived in the same place the omission for six days to present it for payment discharged the indorser. (*Gough v. Staats*, 13 Wend., 549.) So likewise a check dated and drawn on a bank in Boston and presented three days afterward, was presented too late to charge the indorser. (*Veazie Bank v. Winn*, 40 Maine, 60.)

With respect to a post-dated check, presentation will be sufficient if made within a reasonable time to charge the indorsers. If due on Sunday, the presentation should be made on the following day; if done on Saturday this would not be valid. (*Middletown Bank v. Morris*, 28 Barb., 616; *Saller v. Burt*, 20 Wend., 205.)

Although the indorser may not have been injured by the delay in presenting it within a reasonable time, yet he is discharged. "The law presumes he has been prejudiced, and therefore his liability cannot be continued." (*Gough v. Staats*, 13 Wend., 549; *Murray v. Judah*, 6 Cowen, 490; *Cruger v. Armstrong*, 3 Johns Cas. 5, 259; *Aymer v. Beers*, 7 Cowen, 705.) The indorser of a check drawn for his accommodation, and who is bound to provide to meet it, is not entitled to notice of non-payment. (*Williams v. Hood*, 1 Phil., 205.)

The next point to be considered is the notice. As a bank check is essentially the same thing as a domestic bill of exchange it is governed by the same laws with respect to notice. (*Shrieve v. Duckham*, 1 Little, 194; *Humphries v. Bicknell*, 2 Little, 299 Ky.)

* "As it is one of the peculiar characteristics of a bank check that it has no days' grace, it is necessarily due as soon as it is drawn and delivered to the payee or holder. As between the holder and indorser, therefore, the holder is bound to present it for payment immediately or at least within a reasonable time, according to the relative localities of the parties; otherwise the indorser ceases to be liable." (Chief Justice Nicholson, *Schollfield v. Moon*, 9 Heisk. Tenn., 171, p. 174.)

If the drawer has no funds at the drawee's to pay his check he is not entitled to notice of non-payment, nor is he discharged by its non-presentation within a reasonable time. (*Eichelberger v. Einley*, 7 Harris & Johns, 381.) The reason for the rule as stated long ago by Mr. Justice Buller, is "that the drawer could not be injured by want of notice." (*Bickerdike v. Ballman*, 1 Term, 405.)

But if the drawer has funds in the bank, he is entitled to notice of non-payment. (*Fleming v. Denny*, 2 Phil., 111.) Mere delay, too, in giving notice to him of dishonor does not discharge him, but he is entitled to whatever damages he may have sustained. (*Henshaw v. Root*, 60 Ind., 220; *Griffin v. Kemp*, 46 Ind., 172.) When a check has been presented and payment has been refused, and notice of non-payment duly given, the drawer is as much liable thereon as he would be on a bill of exchange. The holder can sue on this or on the debt for which this was given in payment. (*Henshaw v. Root*, 60 Ind., 220; *Griffin v. Kemp*, 46 Ind., 172.)

To charge an indorser with notice of presentation and protest, the notary must direct his notice to the indorser at his proper post office address, whenever this is done by the use of the mail, otherwise the indorser is discharged. (*Northwestern Coal Co. v. Bowman*, 28 Northwest Rep., 496. In *Daniel on Negotiable Instruments*, the cases are collected relating to notes, § 1022.)

ALBERT S. BOLLES.

[TO BE CONTINUED.]

GEORGE M. WESTON.

The present number has a mournful interest to us, for it contains the last thoughts of one whose name, for several years, has been very familiar to our readers—George M. Weston. He died in the fullness of years and in the possession of a matured knowledge on all the subjects within the range of our magazine equaled by few and surpassed, as we believe, by none in this country. Elsewhere will be found a sketch of Mr. Weston, from which it will be seen that he had fitted himself much more thoroughly than most of the persons who so airily discourse on financial topics. He had great merits as a financial writer. First of all he possessed an unusually wide and correct knowledge of the best which had been written on the subject. He was not a mere casual reader, but read closely, thoughtfully. He always reached the marrow of everything. In the next place he thought clearly. His mind was not a lumber room. Again, he expressed himself with a clearness and force quite unusual among financial writers. We are accustomed now-a-days to a great deal of writing about things, but very little which proceeds from the heart of things. Our newspapers in particular rarely ever get at the

bottom of anything; not only is there lack of space, but a far more serious lack of time for thought to find out where the bottom is. Most of our newspaper writing, therefore, is of the superficial, ephemeral sort; a mere glance at the subject; occasionally a happy hit or suggestion, nothing more. Most of our writers who pose as Solons in the financial world are quite like the newspaper men; they have read a little and thought less, and then write ponderous articles and books, and pretend to be the instructors of mankind. We confess that when we read Mr. Weston's writings, displaying always a clear and thorough knowledge of whatever subject he touched, and knowing as we well do of his intimate knowledge of the financial history of the leading nations of the world, and think of these pretenders and quacks who are imposing on the world as financial writers, we feel a kind of despair because their impositions are so great, and yet so little understood. They abound everywhere—in the newspaper offices; on the platform; in Congress and among our colleges.

Our opinions have not always been in accord with Mr. Weston's, as our magazine readers well know; nevertheless his opinions have been so well fortified with facts and have been brought out so clearly that we have always had the utmost respect for them, however divergent have been our conclusions. His latest considerable publication was a work on "Money;"—a work in our judgment of great merit, and which will be sooner or later recognized. In no publication do we believe that the principles underlying the English Banking Act of 1844 have been expounded with so much clearness and ability. Everyone is familiar with some features of that Act, but why it was passed, what were the thoughts lying in Jones' mind, and its operation, all these matters were presented by Mr. Weston in that book with a lucidity of statement which only comes from intelligent reading and clear thinking.

For a long time he has prepared our Financial Facts and Opinions. He had the instinct of a newspaper writer. He seized on the topics which were of the greatest worth and interest, and whenever he expressed an opinion it was worth something. It was not one of the half-baked affairs of which so many are given to the world. Matthew Arnold in one of his essays warns persons after becoming possessed of half an idea, against going out into the street with it. Better wait, he says, until the idea is fully matured, or possibly until finding out that there is perhaps no idea at all. Mr. Weston was not a man of this type. He had ideas. His mind was very fertile; for, having no distractions, and mingling to a considerable extent with the most thoughtful of our great business and public men, his mind was constantly filling up with rich stores of experience and of sound thinking.

Our magazine readers who have followed him along from month

to month and year to year, will now miss his often homely, but clear-cut sentences, his sage suggestions and thoughts on the questions of our time. We will not say that his work is done, for with men who leave so much that is sound and valuable, their work goes on after them. Such surely will be the case with him. Many of his thoughts and suggestions, we believe, in due time will be appraised at their true value and prove helpful to the world.

A NOTABLE TEMPLE OF TRADE.

Peter the Great tore off the fetters which had long obstructed commercial enterprise in Russia. Until that versatile monarch took the reins of government, for a Russian subject to open trade with a foreign citizen was a capital crime. Within the broad domain of the Czar no foreigner was permitted by law to engage in commerce, and the Russian member of any guild took his life in his hands when he attempted the importation or exportation of goods, wares, or merchandise. Through this unwise and selfish policy the inland commerce of the empire had ever remained in a feeble and shattered condition.

Peter I. possessed a practical turn of mind. His sojourn in other European lands opened his eyes to what a free commerce had done for Holland, England, France and other thrifty nations, and he was not long in determining upon a new policy for the government of his own subjects. Upon his return to the Russian capital, after an absence of seventeen months, he set earnestly at work upon a reformation of commercial conditions. Russian merchants were at once authorized to engage in trade with those of other powers. Both the importation and exportation of merchantable commodities were encouraged. Tradesmen of foreign lands were invited to locate in the commercial seaports of the Russian Empire and there to open trade with the people. The great monarch firmly inaugurated a complete system of foreign commerce and encouraged its participants by the building of ships, and the construction of docks, wharves and warehouses. During all this his powerful army was not idle, and in his warlike maneuverings he acquired large tracts of Swedish territory, extending the lines of his domain to the shores of the Baltic. This was an important acquisition to the commercial possibilities of the Russian Empire. The city of St. Petersburg was at once founded by the Czar, and to its prosperity he contributed largely from the national resources. In order that his fond scheme for a great metropolis at the mouth of the Neva might be more promptly realized, Peter removed

hither the Senate from Moscow, and within the limits of the new capital he had built the superb and grand winter and summer palaces. No effort during the life of that prominent monarch was spared to make St. Petersburg the first city of the Nation. Besides the buildings of the State and the imperial palaces, numbers of imposing structures, public, sacred and private were made to share in the city's glory.

Among the notable buildings which came in the course of time, the great exchange is possibly the one most noteworthy to the commercial world. The city had been founded one hundred and one years when the construction of this mammoth edifice was commenced. From the laying of its foundation to the completion of the magnificent temple, with its surroundings and gorgeous attachments, its quays, and wharves, and courts, was twelve years. In the year 1804 it was commenced, and in the year 1816 it was completed. Nor must it be inferred from this that the Russians are slow workmen in great enterprises, or that they are dilatory in accomplishing herculean tasks. A duplicate of St. Peters, at Rome, they built in two years, and the renowned imperial palace which was destroyed by fire they raised from its ashes in eleven months. But the great exchange required of materials, labor and money, more than either of those gigantic structures. The main building covers an area of more than eighty thousand square feet, its dimensions being 330x246 feet.

The situation of the edifice is especially notable and attractive. It stands in the center of all the divisions of the city at the point where the Neva divides into two large streams, producing a water front as grand in appearance as it is valuable in its commercial character. The building faces the point of land which divides the stream, and the extensive portion beyond the exchange proper was converted into an elevated court upon a foundation of solid masonry. Upon the right and left are immense granite quays, affording the most ample protection. From the landings below lead a number of granite staircases by which passengers are landed at the main entrances of the emporium. Upon the open court in front of the building two towering and massive columns, honoring the God of Mercury, rise each to the height of a hundred feet. The columns are hollow and have within them iron stairways running from foundation to dome, where, upon public occasions year after year, pretentious fire-pans have poured out a glare of light illuminating the surrounding picturesque scenes.

The immediate environs and all the approaches to the grand edifice are fully commensurate in massive beauty to the importance of the great building. Thoman, an architect, widely known at the beginning of the present century, produced the plans and superintended its construction. The architecture is Grecian in its general

character. Columns of exquisite finish encircle the building. Upon a solid, deeply laid substructure, steps ascend to the colonnade and to the entrances at the opposite ends, over which in the frontispiece are mounted groups of colossal statues.

Before leaving this general description of the edifice it may be interesting to note the criticism of a German writer, who nearly half a century ago expressed his opinions of the remarkable pile.*

"An unprejudiced eye might find fault with the disproportionate smallness of the columns running round the building and with the breadth and heaviness of the roof. . . . The partly colored exterior, so far from harmonizing with the simplicity of the Grecian style, is further disfigured by a semi-circular window of extraordinary size, which has been introduced into the higher façade. This large window is the only one visible from below, and from the border of it issue a great number of narrow, white, longish strips in a radial form like the partitions of a fan. The architect probably conceived that in this window he was giving his building an extraordinary embellishment, but to me it appeared to be a striking deformity. It looks precisely as if the canting-wheel of a mill had been walled up in front. One cannot conceive how any man could think of a circular window in keeping with a style of architecture in which everything else, body, towers and roof, is sharp and angular, and no part of which exhibits the cupola or arch form, as in the Arabian, Gothic and Byzantine style."

Notwithstanding this criticism, the great temple of trade is pronounced by travelers as a genuine and interesting enterprise. One thing of its interior arrangement would strike an American exchange attendant as especially novel. Around the sides of the main exchange hall are a large number of booths or arcades for the accommodation of the various classes of traders or members. One of these was for many years set apart for the special use of Greek Russian merchants, and this is readily distinguished from all the others by the altar with its lamps, which are kept perpetually burning before it. Here this devout class of tradesmen meet, and upon bended knee implore the aid of all the saints before engaging in their speculative enterprises.

When Peter the Great, in 1710, founded the seaport town of Cronstadt, twenty miles below St. Petersburg, he little dreamed how within half a century it would rival in commercial greatness the new Russian capital upon which as a national metropolis he had so deeply set his heart. It was the same year in which Peter laid the foundation of St. Petersburg that he wrested from Charles II., of Sweden, the island upon which has been made Russia's great naval fortress. It was as a fortress only that the practical monarch intended his island city or that he believed his

* "Russia and the Russians," by J. G. Kohl.

nation would ever grant it favorable concession. But in this he was mistaken.

Owing to its position Cronstadt possessed for many years natural commercial advantages. St. Petersburg was twenty miles inland. Large merchant vessels of modern pattern, through the shallowness of the river, were prevented from reaching the wharves and docks of the new capital. This turned the tide of commerce in favor of the rival seaport and naval fortress, and thus crippled the trade at the renowned Russian Exchange. It is only since the building of the St. Petersburg Sea Canal* that Peter the Great's hope has begun to wear its old time look of activity. Referring to the new Ship Canal, Acting U. S. Consul General Swain, in his report to the State Department, says:†

"Few undertakings in the world, probably, have met with so much abuse as this sea canal and port. Vested interests at Cronstadt and elsewhere, the customs of the trade, the lightermen, and the great mass of interested people have been against it from the beginning, and many are so still. But the best authorities are on its side, and in spite of all shortcomings and want of due preparation at present there can be no doubt that in time the sea canal will have a tendency to improve the waning prosperity of St. Petersburg, and that in the future this undertaking will be accepted as a commercial success."

It is not, however, from Cronstadt alone that St. Petersburg, through her sea canal, is to draw business. Other cities have sprung up since St. Petersburg was founded, and through natural advantages, combined with enterprise, have carried away trade which otherwise would have gone to the old exchange on the Neva. Reval, Riga and Liban have each come to the front for a share in the commerce of this district, and each, through the success of the St. Petersburg undertaking, must lose some of its present commercial enjoyment.

Before examining the customs and habits inside the exchange building at St. Petersburg, let us turn attention briefly to the trading communities of the empire. It is generally well known that the commercial classes of Russia, under the laws of the country, are divided into two distinct bodies. The first of these may properly be termed merchants, the second trading peasants. The merchant body is subdivided into three classes of varying degrees, and every person, not a peasant, engaged in trade must belong to one of these classes. The grading is made according to the capital

* This canal enables vessels drawing 18 feet of water to enter the Neva. It was begun in 1878 and communication with the river was completed in the spring of 1885. Its total length is 30 versts (19.89 English miles) of which $3\frac{1}{2}$ versts (2.32 English miles) are branches. The amount of silt excavated from the bed of the canal was 830,000 cubic fathoms, and the cost 10,265,400 rubles, or nearly \$5,000,000.

† June, 1885.

of the tradesman. If he belongs to the first class he is permitted to carry on an inland and foreign trade to any extent, and in any part of the empire; he may also own ships or vessels, shops and warehouses, manufactories, or other commercial buildings, and may engage in banking, insurance or other business of a similar nature, and may enter into contracts with the government. A merchant of the second class has his powers and privileges very much modified. The amount of business he may do is restricted. His contracts with the Government are limited both in amount of the transactions and in the aggregate of the year's business. He is not to engage in banking, insurance, nor any similar pursuit. The third class includes the small shopkeepers and the traveling middlemen who manage to secure the great bulk of the retail trade. The territory in which they may deal is confined to the district in which they reside or where their business is located. They may own manufactories, but their sales must not go outside of their particular province. In their purchases no limit as to territory exists, but their trade must be confined to customers within their governmental division or State. Trade with foreigners is denied them.

SELDEN R. HOPKINS.

[TO BE CONTINUED.]

TAXATION OF PERSONAL PROPERTY.

In the recently published report of the Special Commission of Connecticut on the subject of State taxation, some valuable results are given concerning the experiments in that State to tax personal property. It is the old story over again—an almost complete failure to bring any property within application of the law. Nevertheless, these experiments are worth giving in order to convince the case-hardened ones of the folly of maintaining these worse than useless systems, and thus prepare the way for the introduction of something less irrational.

The truth is, that no system of tax laws can ever reach directly the great mass of intangible property. It is not to be seen, and its possession, if not voluntarily disclosed, can, in most cases, be only the subject of conjecture. The people, also, in a free government, are accustomed to reason for themselves as to the justice and validity of the laws, and too apt to give themselves the benefit of the doubt, where they have in any way the power to construe it for themselves. Such a power is practically given in the form of oath used in connection with our tax-lists, since it refers only to such property of the parties giving them in as is taxable according to their best knowledge, remembrance or belief. The man who does not believe that a Western farm-loan or foreign railroad-bond ought to be taxed is too often ready to swear that, to the best of his belief, it is not liable to taxation.

The common objection is that it is double taxation to tax both borrower and lender, and while this is no answer to the plain requirements

of the present statute, we think that it is worthy of careful consideration by the legislature when deliberating in regard to any change of system.

The argument was compactly presented by the late Judge Foster, in his dissenting opinion in the case of *Kirtland v. Hotchkiss*, above referred to, where he laid down the following propositions (42 Conn. Rep., p 449):

"1st. That a debt is a representative of the property pledged for its payment; a title, equitable or legal, to that property, and

"2d. That the property and the debt, or more strictly, so much of the property as will be absorbed in the payment of the debt, and the debt, constitute together but one subject, for the purpose of taxation.

"The tax being paid on the property without diminution, on account of the debt, nothing remains to be taxed. The debt, indeed, aside from the property behind it, and of which it is the representative, is simply worthless.

"It should not be forgotten that the duty of the judicial branch of the Government is limited to declaring the law as it exists. Any considerations involving its policy or impolicy belong properly to the legislative power. It may not, however, be impertinent, in view of the result to which this opinion leads, to remark, that any system of taxation which subjects the affairs and business of the citizen, at home or abroad, to public scrutiny, will ever be regarded with extreme disfavor. Such inquisitorial powers are antagonistic to free institutions, and are repugnant and abhorrent to the feelings and sentiments of a free people.

"The great problem of taxation is, how to make it least burdensome and most productive, while everybody knows it is shamefully unproductive.

"A much heavier rate, imposed on visible and tangible property, which could not be concealed, and would readily be found, would be far more cheerfully borne, and be found far more productive in practice, than a tax levied on what is sought out and discovered, only after a rigid examination, on oath, of the party. However searching these examinations may be made, it is a notorious fact that vast amounts of property escape altogether the grasp of the tax-gatherer, and so results are now as unequal and unjust as they well can be. The demoralization of the public conscience by the frequent administration of oaths, so often taken only to be disregarded, is an evil of the greatest magnitude. Almost any change would seem to be an improvement."

Such considerations as these, coupled with the results of an investigation of now nearly three years into the practical working of our tax system, have brought us to the conclusion that all the items of intangible property ought to be struck out of the list. As the law stands, it may be a burden upon the conscience of many, but it is a burden on the property of few, not because there are few who ought to pay, but because there are few who can be made to pay. Bonds and notes belonging to estates of deceased persons, or infants, are generally traced through the Probate Records, and brought into the tax-list, but those held by an individual, are, for the most part, concealed from the knowledge of the assessors, nor do they, in most towns, make much effort to ascertain their existence. The result is that a few towns, a few estates, and a few persons of a high sense of honesty, bear the entire weight of the tax.

Such has been the universal result of similar laws elsewhere.

The report of the West Virginia Tax Commission in 1884, says of that State:—

"At present all the taxes from invisible property come from a few conspicuously conscientious citizens, from widows, executors, and from guardians of the insane and infants; in fact, it is a comparatively rare

thing to find a shrewd trader who 'gives in' any considerable amount of notes, stocks or money. The truth is, things have come to such a condition in West Virginia, that as regards paying taxes on this class of property, it is almost as voluntary and is considered pretty much in the same light as donations to the neighborhood church or Sunday school."

The report of the New Hampshire Tax Commissioners in 1878, is to the effect that three-quarters of all personal property in that State is not reached by the assessors.

Similar testimony from other jurisdictions might be adduced almost without limit, but it will be sufficient to refer to our own official statistics to establish the same results. A glance at the copy of the Grand List of the State for 1885, taken from the records in the Controller's office, and appended to this report, will show, for instance, that a single town, and far from the wealthiest (Stonington), pays over one-eighth of the entire tax throughout the State, on this intangible property. New London county altogether returns a valuation of \$2,530,824 for this class of securities, and \$1,918,711 of this, or more than three-quarters, comes from Stonington alone. On the other hand, of the 167 towns in this State, 81 return no bonds at all in the Grand List, and 128 return no State stocks. There are no bonds to be found in the rich city of Meriden; none in Vernon and Rockville. Waterbury has but \$750; Norwalk but \$11,417; Bridgeport but \$17,150; New Britain but \$6,000. Windham and Tolland counties together return but \$93,770 and of this sum two towns, Brooklyn and Thompson, make up \$77,600, while Putnam returns none, and Windham and Willimantic only \$2,970. Of the \$896,136 listed in New Haven county, two towns, New Haven and Derby, return \$863,286, leaving but \$32,850 to be divided among all the rest.

As to cash on hand on the first of October, an additional reason for abandoning the effort to tax that, is that it must ordinarily be a tax payable out of capital and not out of income. Money lying idle can yield no return to the owner. He must therefore have it in his possession with the purpose either of spending it or investing it at an early day; and when it thus passes out of his hands, it will soon take a form where it becomes productive and justly taxable. But if a mortgage is paid off on the 30th of September, the fact that the creditor may not be able to re-invest the money for a week or two, ought not to subject him to a tax of one or two per cent. upon it.

It is only since 1850 that our statutes have required this tax, and the receipts from it have been so small as to show that public sentiment does not support the enforcement of this law. No one believes that all the cash on hand, in the possession of individual tax payers, over the exemption allowed, throughout the State, on October 1, 1875, was less than a million dollars, or on October 1, 1885, but about eleven hundred thousand, or on October 1, 1865, less than half a million, yet such are the figures shown by the official returns. Forty-three towns returned no cash on hand in the Grand List of 1885, and among these were thriving communities like Suffield, Darien, Ridgefield, Watertown, and Portland. Of the \$167,944 listed in Litchfield county, a single town (Winchester) contributed nearly half, and the small farming town of Bridgewater returned more than Litchfield, Goshen, New Hartford, New Milford, Morris, Norfolk, North Canaan, and Salisbury together.

In view of these statistics, no one familiar with our State will question that this tax touches very few, and it is our belief that no law could be framed and executed which would effectually reach such funds for purposes of taxation.

NATIONAL BANKING INTERESTS.

Mr. Trenholm, the Comptroller of the Currency, has appeared before the Senate Finance Committee, by the request of its Chairman, and expressed his views in reference to the various questions pending before the Committee affecting the interests of the National banks. The subjects were mainly ones which the Comptroller had seen fit to avoid in his official report and his views upon which were thus for the first time ascertained. The following abstract of the official report of the conference is given, furnishing substantially the full text of the Comptroller's remarks:

The Chairman—We would like to have you, Mr. Trenholm, give your views on the practicability of a measure providing for a larger circulation for the banks upon the bonds that they now have, or may have, and what method you would recommend.

The Comptroller—I have seen most of the plans that have been introduced with that end in view, and it has seemed to me that they are not likely to accomplish the end proposed, for this reason: That there are now a number of banks holding bonds very greatly in excess of the minimum required by law, while other banks find the holding even of that minimum a great burden; so great, that some who have been holding heretofore 3 per cent. bonds are coming out of the system rather than buy the 4 per cents. or $4\frac{1}{2}$ per cents. at their present premium. Therefore I infer that the banks differ among themselves on account of location and other causes in respect to the profitability of holding these investments. The class of banks most favorably situated for holding these bonds have now more than the law requires, so that while many banks are strained to carry the legal minimum only, the whole deposit at present amounts to about \$170,000,000 of fours and four and a halfs and about \$46,000,000 of threes, making altogether about \$226,000,000, or \$227,000,000 of bonds. By law they are not obliged to hold more than \$85,000,000 in the aggregate, so that they are holding about \$140,000,000 in excess of the minimum, and it must be assumed that that excess is held because the holding of bonds is profitable to some banks. Now, if you make the holding of bonds more profitable than it is now, those banks that now find it profitable will buy more bonds and the premium will go up, while the advance in the premium will neutralize the benefit of the increased circulation in the case of those banks that find the premium per cent. too high for them.

INFLUENCES OF MARKET VALUE.

The Chairman—As the bonds mature, does not the market value necessarily go down?

The Comptroller—As they approach maturity the premium on them should melt away, but up to within a few months past the market value of the 4 and $4\frac{1}{2}$ per cent. bonds has been steadily advancing, even though they were coming nearer maturity, but we now seem to have reached a point where there is no longer any advance. It is natural to assume, if affairs remain as they are to-day, that as the bonds approach maturity the tendency will be for the premium to be gradually reduced. But if, with 4 per cent. bonds at 128 and a circulation of 90 cents on the dollar, so many banks can hold those bonds very greatly in excess of the minimum, it is natural to assume that these banks would hold a

greater amount of the bonds at a higher premium, if instead of 90 cents on the dollar in currency they got 100 cents. In other words, as you increase the profitability of holding bonds you necessarily tend to raise the premium.

THE LARGEST HOLDERS OF BONDS.

Senator Miller—What class of banks are holding to-day large amounts of bonds?

The Comptroller—Principally the banks in the Eastern States, where capital is plentiful, the rates of interest low and good investments difficult to be found.

Senator Miller—That is not true in the West or Southwest?

The Comptroller—No, sir; that is not true as to the banks in the West or South, or in the country generally. These banks seem to me to most need relief, for they find the holding, even of the minimum of bonds, at the present premium, a burden.

Senator Aldrich—What objection is there to permitting banks to be formed without depositing bonds?

The Comptroller—There was a constitutional question raised on that point once, and I think Senator Sherman took part in the debate, and Senator Bayard and Senator Thurman. As to this question I, of course, express no opinion; but if there is a doubt as to the constitutionality of the law underlying the system, is it not reasonable to expect that these banks will come into it for we know that that capitalists will not invest in stock if they have doubts as to the validity of the law which constitutes the basis of the institution.

Senator Sherman—I think it was the general opinion that the only national function that they perform is the function of issuing paper money, coming within the powers granted by the constitution.

Senator Aldrich—That would not prevent our reducing the amount to a minimum.

A TEMPORARY MEASURE OF RELIEF.

The Comptroller—I suppose not, so long as the banks perform that function. In reducing the amount of bonds to be held by the banks, if it made a very great increase in the number of banks, that would tend also to put the premium up; but it would enable banks holding now more than they desire to hold to get rid of the surplus of bonds. It seems to me that for a temporary measure of relief it would be a very good one. I should also strongly recommend taking the tax off so much of the circulation as is represented by the legal minimum of bonds which the banks are required to hold.

WITHIN 10 PER CENT. OF THE MARKET VALUE.

The Chairman—Let me call your attention to the other proposition, of issuing circulation on market value, or within 10 per cent. of the market value.

The Comptroller—I should think that would have the effect of running the premium up almost out of reach, which would make a very unsubstantial basis for much of the circulation issued; for then the proportion of the circulation resting on the premium would be liable to be cut from under the notes at any time by a decline in the premium.

The Chairman—Then you would not favor in your recommendation anything beyond the par value of the bonds?

The Comptroller—No, sir; I should not regard it as at all prudent to go beyond the par value, because you would then make a factitious demand for the bonds, and as the premium rises under the influence of this demand, there would be more circulation issued on the same bonds, and this would further stimulate the price and lead to more circulation,

and so on indefinitely. That would be a process that must end in collapse, I think.

Senator Beck—If we pay off all the 3 per cent. bonds we can, that would tend to increase the price of the bonds we have to buy ourselves, in order to get rid of our surplus, and so it is just taking that much money out of our own pockets, is it not?

The Comptroller.—It would seem to be doing so.

LOSS OF CIRCULATION BY RETIRING BONDS.

Senator Vance—Have you considered in what way the loss of circulation by retiring bonds should be replaced?

The Comptroller—There have been a great many suggestions made on that point, and I have considered all of those that I have seen. It is a very broad question to go into.

Senator Vance—I thought you might have specific views on the subject, of which you could give us the benefit. At the rate we are paying off the bonds there will be a great contraction.

The Comptroller—On 3d August, 1886, when the first of the late calls for 3 per cent. bonds was made, \$103,000,000 of 3 per cents. were held by the National banks as a basis for their circulation, and to-day a little less than \$50,000,000 are so held. In connection with the withdrawal of \$53,000,000 of 3 per cents. there have been replacements to the extent of about \$8,000,000 of the other classes of bonds. So if we assume that the same ratio will hold, by the time that the remaining 3 per cents. are all called and paid off there should be a further increase of about \$7,000,000 in the holdings of the other bonds, and that would make a gain of \$15,000,000 as against \$103,000,000 loss, which would be a net loss of \$88,000,000 of bonds as a basis of circulation. When the reduction of circulation consequent upon calling the 3 per cent. bonds comes to an end, however, the limit of \$3,000,000 a month will apply to any further reduction of National bank circulation. The banks are prohibited, you are aware, from depositing lawful money to redeem their circulation in larger aggregates than \$3,000,000 a month, but this limitation does not apply to circulation based on called bonds. If things remain as they are now, and the same influences prevail, I think we shall come out at the end of the payment of the 3 per cents. with about \$180,000,000 of bonds still on deposit, or nearly double the amount required to supply every bank with its legal minimum of bonds. This \$162,000,000 of circulation based on this \$180,000,000 of bonds, can be reduced only at the rate of \$3,000,000 a month, so that even if the maximum reduction took place every month the contraction in a year would be but little more than half that suffered in the last twelve months.

Senator Beck—It occurs to me that should you only permit \$3,000,000 a month of reduction and the banks were seeking to reduce at the rate of \$6000,000 a month, a difficulty would occur. How would you make an apportionment among them in that event?

The Comptroller—The moment the \$3,000,000 for a given month has been reached, we must say to the next bank offering to deposit currency: "You cannot come in this month."

THE DEPOSIT OF GREENBACKS.

Senator Allison—Why not repeal the provision of law which authorizes a deposit of greenbacks? Why should the Government now, under existing circumstances, facilitate the retiring of circulation in that way? Why not let the banks take care of themselves?

The Comptroller—But would that be fair? They deposited these bonds upon a contract that they should have the privilege of withdrawing them

whenever they liked, upon a deposit of lawful money, and we have the bonds locked up in the treasury by virtue of that contract. It seems to me that you should hardly now bolt the doors of the Treasury and say the banks shall not get their bonds out when they want them and are ready to comply with the conditions recorded in the law.

Senator Beck—As I understand you, you are not in favor of issuing circulation upon the premium of the bond?

The Comptroller—No; I should think that would be very bad.

Senator Beck—And any increase of circulation on the bonds above what is now allowed to the banks you think would have a tendency to increase that premium?

The Comptroller—I think so, although that may be modified by its bringing out a larger number of bonds for sale.

Senator Beck—As the United States are in the market themselves as a matter of necessity, because of their surplus revenue, you think that increase of premium would be a loss to the people of the United States, who have to buy the bonds to get rid of the surplus revenue.

The Comptroller—If we had to buy at a premium it would cost us more.

The Chairman—But you also think that the banks in the South, the West and the Middle States would be largely benefited by a provision of this kind, and that it would induce the issue of a larger circulation?

The Comptroller—No, sir; I do *not* think so. I do *not* think it would afford much relief to those banks, because they would not pay a high premium for their bonds, or hold them at a high premium, which amounts to the same thing. If the premium is advanced it would be just as difficult for a new bank to give, say, 130 or 132 for 4 per cent. bonds, and get back 100 cents on the dollar, as it is now to give 127 or 128 and get 90 cents on the dollar. I do not think that it would have any effect in that way. I think to reduce the minimum of bonds required to be deposited would permit the establishment of new banks, leaving things as they are; and I think to take off the tax from the circulation issued up to the amount of the minimum of bonds required to be held would be a great relief.

100 CENTS ON THE DOLLAR.

Senator Harris—Do you think it would be bad policy to permit the issue of 100 cents on the dollar?

The Comptroller—I do. Taking all things into consideration it would be a mistake. In other words, we are, it seems to me, in a position of equilibrium, as far as the holding of the bonds is concerned; an unstable equilibrium, no doubt, but still a state of temporary rest. The payment of the \$53,000,000 of 3 per cents. has not disturbed the currency quite so much as I expected. The replacements have been a little larger than I supposed they would be, and the tendency is now, I think, rather to increase the scale of the replacements; that is, to deposit more bonds proportionally, in replacement of the called 3 per cents.

Senator Miller—Can you tell us whether the \$46,000,000 or \$47,000,000 of the three per cent. bonds still held by the banks are held against circulation, or whether some of them are held by the banks in excess of their circulation?

The Comptroller—They are all held against circulation, except in the case of seven or eight banks mentioned in my annual report, which hold bonds and have never taken out any circulation.

Senator Miller—When they are all paid the circulation will not be reduced 90 per cent. of \$46,000,000.

The Comptroller—As I say, the proportion has been an increase of

\$8,000,000 to \$53,000,000; \$53,000,000 have been withdrawn from the 3 per cents. and \$8,000,000 have been added to the amount of 4 per cents. and $4\frac{1}{2}$ per cents. held by the banks, and I assume that \$7,000,000 more will be added to those two classes of bonds by the time the balance of the 3 per cents. are paid off.

Senator Miller—The payment of the 3 per cents. will lead to the reduction of about \$40,000,000 of the bank currency.

Senator Harris—Forty-five million dollars, according to his figures.

The Comptroller—If you take \$15,000,000 from \$103,000,000, that leaves \$88,000,000; and then it is 90 per cent. of \$88,000,000 or about \$80,000,000. The National bank currency will be reduced \$80,000,000 probably from its volume on 3d August, 1886.

Senator Miller—It has already been reduced about \$40,000,000.

The Comptroller—There will be altogether about \$80,000,000 of reduction from the payment of 3 per cents.

Senator Miller—Provided no substitutions are made.

The Comptroller—Provided the scale of substitution does not vary from what it is now. If the scale of substitution should be lowered, then the reduction would be greater, but probably that will ultimately be the amount of the reduction.

INTER-STATE COMMERCE LAW.

For the benefit of our readers who have not the time to read the full provisions of this remarkable law we present the following synopsis:

Section 1 provides that the Act shall apply to any common carriers engaged in transporting passengers or property, wholly by railroad or partly by railroad and partly by water, when both are under the same acontrol or arrangement; but does not apply to business wholly within any one State. All charges for transportation or handling service shall be reasonable and just.

Section 2 prohibits rebates, drawbacks, special rates, etc., and requires that charges shall not be higher or lower in different cases for a like and contemporaneous service for traffic under substantially similar circumstances and conditions.

Section 3 prohibits undue or unreasonable preferences or advantages to any particular person, in service rendered, and any discrimination toward connecting lines.

Section 4 makes it unlawful to receive greater compensation in the aggregate for transporting passengers or property, under substantially similar circumstances and conditions, for a shorter than for a longer distance over the same line, in the same direction, the shorter being included within the longer distance. The Commission, however, may give relief from the operation of this section, in special cases, after investigation.

Section 5 prohibits combination of carriers for the pooling of freights, or division of net proceeds of earnings.

Section 6 requires carriers to post for public inspection at the different stations, printed schedules of rates, fares, terminal or other charges or rules applying to the aggregate cost of transportation service and the classification of freight. No advance in rates can be made without ten days' public notice; a reduction may take effect at once, but public

notice thereof must be immediately given. Schedules of rates, fares and charges shall be filed with the commission, including joint rates for traffic, and arrangements concerning continuous lines. Provisions are made for complaints for non-compliance with the requirements of the Act, which may be brought before any Circuit Court of the United States, which may issue writs of mandamus or of injunction.

Section 7 makes it unlawful for carriers to enter into any combination, contract or agreement, expressed or implied, in any way, to evade treating freights as for continuous carriage or for evasion of any provision of the Act.

Sections 8, 9 and 10 relate to complaints, and punishment for non-compliance with the requirements of the Act, by omission or otherwise. Any party guilty of infraction of the Act shall be deemed guilty of a misdemeanor, and upon conviction shall be subject to a fine not exceeding \$5,000 for each offense.

Section 11 provides for a commission of five members to be known as the Inter-State Commerce Commission, to be appointed by the President, under approval of the Senate, for a term of six years, excepting in the first instance, in which the terms shall be for two, three, four, five, and six years respectively, from January 1, 1887. The President may remove a commissioner for inefficiency, neglect of duty, or malfeasance, and appoint for the unexpired term. Not more than three commissioners shall be chosen from the same political party. No one having any connection with or interest in any common carrier is eligible to appointment on the commission.

Section 12 defines the powers of the commission.

Section 13 relates to method of making complaints, investigation, etc.

Section 14 directs that a report of the commission, including the findings resulting from an investigation, shall be deemed *prima facie* evidence in all judicial proceedings as to each and every fact related.

Section 15 and 16 outline methods of proceeding under complaints, etc.

Section 17 provides that the commission "may conduct its proceedings in such manner as will best conduce to the proper dispatch of business and to the ends of justice," etc.

Section 18 makes the salary of commissioners \$7,500 a year; provides for a secretary, at \$3,500 a year; and authorizes the commission to employ and fix the compensation of other necessary service, subject to the approval of the Secretary of the Interior; specifies as to office requirements, witness fees, mileage, etc.

Section 19 designates that the principal offices and general sessions of the commission shall be in Washington; special sessions may be held elsewhere, as convenience demands.

Section 20 authorizes the commission to require detailed annual reports of carriers subject to provisions of the Act, etc.

Section 21 requires the commission to make a report to the Secretary of the Interior, on or before December 1 of each year, for transmission to Congress, containing information of value upon questions relating to regulation of commerce, with recommendations, etc.

Section 22 exempts property of the United States, or State or municipal governments, from application of this Act; also, goods transported for charitable purposes, and for exhibition at fairs or expositions. The Act does not apply to the issuance of mileage, excursion, or commutation passenger tickets, nor prevent reduced rates to ministers of religion; it does not prevent railroads giving free carriage to their own officers and employes, or the exchange of passes or tickets with other companies for their officers and employes.

Section 23 appropriates \$100,000 for carrying out the provisions of the Act to June 30, 1888.

Section 24 designates that the provisions for appointing and organization of the commission, and specifications as to salary, shall take effect immediately, and the remaining provisions shall take effect sixty days after the passage of the Act.

RUSSIAN FINANCIAL DIFFICULTIES.

The publication of the Russian financial accounts for the year 1885 recalls attention to the grave financial dangers impending over that country. We are bound to say that for some years past the financial situation there has grown worse and worse very rapidly, and the dangers are now much greater than they were just after the Russo-Turkish war. The difficulty is that her deficits seem to have got beyond control, and the amount of annual borrowing required has become such as to strain the resources of the investment market, chiefly the Berlin market, on which Russia has depended. While financial ingenuity may have been sufficient a few years ago to cope with an annual deficit of perhaps five millions sterling, involving an addition of about £300,000 annually to the charge for the debt, it does not follow that financiers can cope in the same manner with an annual deficit of 10 millions sterling or more, involving an addition of about a million sterling per annum to the annual charge for the debt, the circumstances, too, as regards the general credit of Russia having greatly changed for the worse.

Mutatis mutandis, indeed, we are disposed to think that the position as regards Russian finance is now very nearly as serious as it was regarding Turkish finance just before the collapse of 1875. At that time the annual deficit of Turkey—the amount which had to be met annually by new loans—was from 10 to 12 millions sterling, and however well disposed the financial world might have been to go on piling up new loans, the business was found to be impracticable. Now, the annual deficit of Russia must be placed at a higher figure with an equally inelastic revenue behind it in support, and we do not see in what way the financial world can find means for such borrowings. The whole structure of Russian credit is artificial, and the collapse may be as sudden, when it comes, as that of Turkey was. From being able to borrow one day at 5 per cent. or very little over, Russia may find that next day it cannot borrow at all.

There are only, to our mind, two possible issues out of this situation. The first is by way of financial revolution, such as would necessarily result from Russia plunging into a great war. Such a war would necessarily entail immediate bankruptcy on the part of the Russian Government. It would be utterly impossible for Russia, under such circumstances, to engage in the huge borrowings that would be necessary both to meet the annual deficit now incurred and the new charges for the war. In whatever way the expenses of the war might have to be met, it would be utterly impossible to go on paying the annual charge for the present debt to its full amount. In the event of war, therefore, those interested should make up their minds that there will be a temporary suspension of the payment of interest on the Russian debt. The second way in which there could be an issue for the present situation is one we have already indicated, although we are not hopeful that it will be followed; this is that the Russian Government should immediately

reduce its army to a large extent and proportionately reduce the expenditure on that army. To save ten millions sterling per annum on this head would, in fact, be the financial salvation of Russia. The amount to be borrowed annually would instantly diminish; and then it would be found that although the revenue is not very elastic, yet it is still possible for some increase to take place; while the moment it was seen that the revenue was gaining upon the increase of expenditure, credit would improve, and possibly some conversion of the debt to a lower rate of interest would be possible. We fear, however, that no such issue out of the difficulty is possible. The predominance of the military element in the Russian Government makes such an issue apparently out of the question.—*London Statist.*

FRENCH FINANCE.

Twelve years ago, the fiscal condition of France was the wonder of Europe. In 1875, only four years had elapsed since she had experienced the most crushing financial blow ever inflicted on a nation. Yet the French had managed in that short space of time not only to redeem their land from the invader, to rebuild their ruined towns and railways, to reorganize the territories ravaged by the war, and to withdraw the forced paper currency, but actually to establish an equilibrium in the national finances. The budget for the year 1875 showed a surplus of £1,000,000 on an income of £108,000,000. The ease with which the nation was bearing its load of taxation was no less astonishing than the vastness of the sum received into the treasury. Statesmen and public writers in every quarter of the world were drawing comparisons between the riches of vanquished France and the poverty of her German conquerors. The conquerors, indeed, were beginning to wonder at their former moderation, and but for the unanimous warning of Europe, might have attempted a second destruction of a power and prosperity that seemed so menacing. It is deplorable that so hopeful a financial condition should have been brought to ruin by the folly and infatuation of successive governments. Since 1875, instead of a long series of surpluses, France has had a series of increasing deficits. For the last ten years, her budgets have exhibited an average annual deficiency of something like £24,000,000; or, to put the net result, during ten years of profound peace in Europe she has added the sum of £240,000,000 to her national indebtedness. The fearful mismanagement of the national resources which these figures indicate cannot find the slightest excuse in any want of vitality in the sources of national income. Such deficits might be excusable with a falling revenue. What can be said of them when the budget receipts are higher by nearly £12,000,000 than they were in the year of the last surplus? M. Henri Germain has lately republished from the *Temps* a series of letters dealing with the extremely grave financial crisis in which France is now placed. His analysis of the national income and expenditure seems most careful, and it is difficult to see how any possible apology can be found for the system under which the French finances have become involved in ruin. M. Germain shows how it is not the ordinary budget—against which the financial enthusiasts of the Chamber tilt, and which is elaborately discussed in every item—that needs reform, but rather the extraordinary budget and the *dépenses extrabudgétaires*,

which are, it would seem, invariably passed without comment. The ministerial plan of manipulating the budget is, indeed, so simple and so obvious, that it seems almost impossible that it has not been more generally recognized and exposed. In the ordinary budget are placed the great items of national defense, administration and education, which about balance the annual income. Outside this in the extraordinary budget, are placed the amounts to be expended on public works and other objects of national spendthriftiness. These, at the present time, as we have shown above, amount to some £24,000,000 or £28,000,000 a year, and annually go to build up a terrible edifice of unfunded debt. To show that the expenditure thus incurred is in every sense excessive and unnecessary, M. Germain compares the increase in the French budget with that in the budgets of other nations. While French expenditure has in the same period of time only increased by £48,000,000, the English has in the same period of time only increased by £14,000,000, the Prussian by £8,000,000, the Russian by £22,000,000, the Austrian by £14,000,000, and the Italian by £10,000,000. Such figures speak for themselves, and show the reckless spirit of extravagance in which France is dealing with her resources.

The excuse for the expenditure of the extraordinary budgets and their accompanying deficits is, of course, the creation of public works and the development thereby of the internal wealth of France. There cannot be a more striking warning for the statesman who hankers after using the national resources in order to develop the wealth of a country than that contained in the results of the French policy. When M. de Freycinet first proposed his great scheme of public works, nothing could have sounded better in theory. In practice, however, nothing could have worked more deplorably. Every deputy has jobbed for his own constituency, and France has been covered with a network of unnecessary, unremunerative railways, not only without traffic, but without even the expectation of traffic or usefulness. There is a kind of grim humor in the fact that while the wealth of France is being sapped by these worthless investments of her resources, the budget for public works is apparently diminishing each year. While in reality the expenditure has gone up by £18,000,000, it has in appearance been reduced by £3,200,000. The means by which this has been done, and by which the public has been hoodwinked, appear to have been these: At first the sums needed for the public work were defrayed by a regular creation of floating debt. This means of raising money, however, attracted attention, and caused a certain amount of uneasiness in the public mind. Recourse was accordingly had to the ingenious device of spending by means of great companies, to whom have been given State guarantees for the interest on the sums expended by them. Of course, the giving of such guarantees is in reality nothing less than the raising of loans; but the change in name proves very useful in the manipulation of the items of an adroitly adjusted budget.

As we have pointed out above, the disgust and vexation caused to reasonable and prudent Frenchmen by the present state of affairs must be all the more acute, from the fact that France in reality is in an extremely prosperous financial condition. Thrift, energy, and commercial sblity were never more conspicuous in her people than at the present day. She bears her fearful burden of taxation more easily than many nations do their far lighter loads. M. Germain tells us (and we presume his figures are correct, though he gives here no details) that while with fixed taxation the French income had in ten years spontaneously increased by £30,000,000 a year, the English income had in the same period only improved by £14,000,000, the Prussian by £15,000,000,

the Russian by £22,000,000, the Austrian £20,000,000, and the Italian by £12,000,000. M. Germain naturally enough draws a comparison between the people and the government. While the nation has been showing itself the wealthiest and most wealth-producing in the world, its rulers have been proving themselves spendthrifts and muddlers utterly incapable of using to advantage the national wealth. We must not leave M. Germain's study without noticing the interesting way in which he shows how the bad fiscal policy pursued by France has operated on that most sensitive form of wealth, the national credit. In 1880, French three per cents. stood at 84. They are now at 82. In 1880, English consuls were at 97. They are now at 101. A comparison of French stock with those of the other great powers show similar results. While they have been constantly rising, French stock has been falling. Even the small powers can compare favorably with France. In 1880, Belgian three per cents. stood at the same price as those of France, namely, 84. Since then, the Belgian stock has risen 11, while the French has fallen 2. On the whole, M. Germain calculates that the various governments of the last twelve years have managed to depreciate French stock by about 14 per cent. It would be impossible here even to hint at all the evils caused by the ceaseless borrowings by the French Government. M. Germain rightly points out, as not the least of them, the drawing of capital into government loans which should be spreading in a fertilizing stream throughout the land. Equally disastrous is the employment of a number of persons in the creation and maintenance of unremunerative public works. Not only are such persons doing useless work where they might be doing useful, but a class is created in the State whose interest it is, at all hazards, to keep open the breach through which the river of national wealth is running to waste.—*London Spectator*.

GEORGE MELVILLE WESTON.

George Melville Weston, who died at the National Hotel, Thursday, February 10, was born at Augusta, Me., August 19, 1816. His grandfather, Nathan Weston, was half brother of Aaron Bancroft, of Worcester, Mass., and his father, Nathan Weston, was ten years Chief Justice of the Massachusetts Common Pleas, and twenty years a member of the Supreme Court of Maine, seven of them Chief Justice of that tribunal. His mother, Paulina Bass Cony, was the daughter of the Hon. Daniel Cony, of Augusta, an eminent citizen, many of whose relatives, as the Lindsleys, the Parkers, the Sewalls, and the Pages, are well known citizens of Washington.

Mr. Weston graduated at Bowdoin College in 1834, and was admitted to the bar in 1837, at once entering upon the practice in Kennebec County, of which he was prosecuting attorney at the age of 23 years.

Although admirably qualified for success at the bar, he was largely drawn into politics, and became editor (with George Robinson for a few years) of the *Augusta Age*, the then leading Democratic organ of the State, and continued to act as such until after the campaign of 1844, in which he won distinction as a political writer of great intellectual ability, keenness, and force. Shortly afterward he removed to Bangor, where he remained for some years engaged in business, including the discharge of editorial duties upon various newspapers. In the controversy over the Kansas-Nebraska bill in 1844, Mr. Weston was one of the leading Dem-

ocrats in Maine who took an active part in opposing the repeal in terms of the Missouri compromise, and his position on that question resulted in his becoming a resident of Washington as editor of the Free Soil Papers, which succeeded the *National Era* of Gamaliel Bailey, while he was at the same time Claim Commissioner for the State of Maine. In 1857 Mr. Weston published a powerful work entitled "The Progress of Slavery in the United States," which had a wide circulation and excited universal interest. Parting with his interest in the *National Republican* in 1863, which he had acquired in 1862, Mr. Weston then devoted himself uninterruptedly to business until 1876, in March of which year he attacked the legislation of 1873-'74 demonetizing silver, in a letter to the *Boston Globe*, which attracted immediate attention in all parts of the country, the newspapers of San Francisco, Chicago, New York, and other cities reviewing and discussing the views of the writer as upon a subject of capital importance, and to the masses of the people, singularly enough, wholly new.

This was followed by a series of articles upon the double standard and in favor of silver coinage, in the New York *BANKER'S MAGAZINE*, the *National Republican*, *Forney's Washington Chronicle*, and other periodicals and papers, and the publication of a volume upon "The Silver Question," appropriately dedicated to his friend, Senator Jones, of Nevada. Mr. Weston was secretary of the United States Monetary Commission of 1876, and many of the papers accompanying the elaborate report of the commission are from his hand.

From 1876 his exertions have been unremitting on behalf of the financial theories which he advocated, and perhaps no man has contributed more than he to the advancement of views favorable to the circulation of silver, though he was of so retiring a disposition that it is doubtful if the extent and merit of his contributions have been understood and appreciated except by few with whom he came into immediate personal contact.

In 1882 he published an elaborate work upon "Money," in which he fully discussed its true functions and attributes and again reiterated his argument in favor of the double standard.

As a writer, Mr. Weston possessed a clear and incisive style, and that delicacy of touch which manifests the master hand.

A constant reader, with a retentive and tenacious memory, his mind was a storehouse of information from whose treasures he drew at will, while, on his chosen topics, his knowledge was minute and exhaustive, and his masterly treatment of them was such as to command the respect even of those who differed with him in his conclusions.

Mr. Weston, in his books on money, silver and slavery, has probably secured a stronger hold on remembrance than ordinarily attend the efforts of editorial writers, whose influence is great, but whose reputation is essentially evanescent.

He died as he had lived, quietly and with the serenity which characterizes the last moments of those who accept the going hence as an event as obviously to be endured as the coming hither.

He leaves a widow and two children to mourn the loss of the tender and affectionate husband and father, and hosts of friends, who will long miss the charm and the instruction of his delightful conversation and the productions of his versatile and polished pen.—*Washington National Republican*.

DISCOUNTING COMMERCIAL PAPER.

U. S. SUPREME COURT.

Goetz v. The Bank of Kansas City.

A bank in discounting commercial paper does not guarantee the genuineness of a document attached to it as collateral security. Bills of lading attached to drafts drawn, as in the present case, are merely security for the payment of the drafts. The indorsement by the bank on the invoice accompanying some of the bills "for collection," created no responsibility on the part of the bank; it implied no guaranty that the bills of lading were genuine; it imported nothing more than that the goods, which the bills of lading stated had been shipped, were to be held for the payment of the drafts, if the drafts were not paid by the drawees, and that the bank transferred them only for that purpose. If the drafts should be paid the drawees were to take the goods.

Admitting that the bill was accepted by the drawee at the request of the bank, and on a consideration which turns out to be utterly worthless, the case is the same as if the bill had been accepted without any value at all being given by the bank to the defendants; and on that supposition, the defendants would still be liable as acceptors to the bank who are indorsees for value, unless not only such want of consideration existed between the drawer and acceptors, but unless the indorsees had notice or knowledge thereof; for the acceptance binds the defendants conclusively as between them and every *bona fide* indorsee for value.

The bad faith in the taker of negotiable paper which will defeat a recovery by him, must be something more than a failure to inquire into the consideration upon which it is made or accepted, because of rumors or general reputation as to the bad character of the maker or drawer.

MR. JUSTICE FIELD delivered the opinion of the Court.

In October, 1861, the plaintiffs in error, Goetz and Luening, were partners in the business of buying and selling hides on commission, at Milwaukee, Wisconsin. At that time one Du Bois was a dealer in hides at Kansas City, Missouri. On the tenth of that month Du Bois telegraphed to them from Kansas City, inquiring what they could sell four hundred green salt hides for, and what they would advance on a bill of lading of the shipment. The firm answered by telegram, stating the market price of light hides on that day, and that they would pay a draft "for two-thirds value, bill of lading attached." On the same day the firm sent a letter to Du Bois, repeating the message, and adding that if the hides were in good condition and number one, they could sell them readily; that their commission was two and a-half per cent.; and that they would sell all hides that he might ship to the market at Milwaukee. Upon this understanding, and during the same month, Du Bois drew upon the firm five drafts, amounting in the aggregate to \$9,395, which were accepted, and, with the exception of the fifth one, were paid. The fifth one, which was for \$2,000, was protested for non-payment. To each of the drafts were attached a bill of lading and an invoice of the shipment. The bill of lading purported to have been issued by the Chicago and Alton Railroad Company, stating that it had received hides, giving the number and estimated weight, to be transported on the road from Kansas City to Milwaukee, and marked and consigned as follows: "To shipper's order. Notify Goetz and Luening, Milwaukee, Wis." The invoice purported to give the net weight in pounds of the hides shipped, and the market price at Milwaukee, and their estimated aggregate value, referring to the sight draft for two-thirds of the amount.

The drafts were made payable to Thornton, the cashier of the bank of Kansas City, and were cashed as drawn, the bank paying their full face, less the usual rate of exchange on Milwaukee. The amount, as each was cashed, was passed to the credit of Du Bois, and was checked out by him in the usual course of business, within a few days.

The drafts were sent by the bank to its correspondent at Chicago indorsed "for collection" on its account, and by him were forwarded to Milwaukee. The invoices of some of the shipments were indorsed in the same way. The bills of lading were indorsed by Du Bois, per J. MacLellan, his clerk.

The signatures to the bills of lading proved to be forgeries, on which account Goetz and Luening refused to pay the fifth draft. The bank thereupon brought an action against them for the amount in the Circuit Court of the United States. They defended, and set up as a counter claim the sums they had paid on the four drafts. At the same time, they commenced an action in the State Court against the bank to recover the money paid on those four drafts. The latter action was removed, on application of the bank, to the Circuit Court of the United States, where the two actions were consolidated and tried as one, the same question being involved in both. The trial resulted, by direction of the Court, in a verdict for the bank, by which it recovered against the firm the amount claimed on the unpaid draft, and defeated the claim of the firm for the return of the money paid on the other four drafts.

The contention of Goetz and Luening was substantially this, that they accepted the drafts in the belief that the bills of lading were genuine; that their genuineness was asserted by the indorsement of the bank on the invoices accompanying them; that the bills of lading were forgeries; that no shipments as stated therein had been made; and that Du Bois bore in the community such a reputation for dishonesty, having been charged at other times with forging bills of lading attached to drafts drawn by him, that the bank was guilty of culpable negligence, amounting to bad faith, in discounting these drafts on the faith of the bills of lading presented by him without inquiring as to their genuineness.

The testimony offered by the firm respecting the character of Du Bois was of great length, but it would serve no useful purpose to discuss it. It is sufficient to say that it consisted of a mass of loose statements, general charges of criminality, with vague references in some instances to reported particulars, sensational articles in newspapers, surmises, insinuations, rumors, beliefs, and suspicions, which might make men cautious in their dealings with him; but they were altogether of too indefinite and uncertain a character to interdict all transactions with him in the ordinary course of business.

Besides, testimony was produced by the bank highly favorable to the standing and character of Du Bois. He is shown to have been a man of great enterprise and capacity; and just before opening business with the bank, to have been a member of the government of Kansas City, representing his ward in the Common Council, and spoken of as a prominent candidate for its mayoralty. He was a member and director of the Board of Trade of the city, and one of its committee on arbitration, to which business disputes of its members were referred for settlement. He had been a captain in the Union army, and bore the reputation of a brave and gallant officer. He was received in the best society of the city, and was generally popular. He commenced business with the bank in March, 1881, and drafts by him, cashed by the bank, amounted from twenty to one hundred thousand dollars a month. Those drafts were always accompanied by bills of lading, and not until after the discovery of the forgery of the bills of lading in this case was it known

that in any of these transactions he had been guilty of dishonest conduct.

Under these circumstances, it is not surprising that, when the drafts on the merchants in Milwaukee were presented for discount, the bank made no inquiry as to the genuineness of the bills of lading attached to them. A bank in discounting commercial paper does not guarantee the genuineness of a document attached to it as collateral security. Bills of lading attached to drafts drawn as in the present case, are merely security for the payment of the drafts. The indorsement by the bank on the invoices accompanying some of the bills, "for collection," created no responsibility on the part of the bank; it implied no guarantee that the bills of lading were genuine; it imported nothing more than that the goods, which the bills of lading stated had been shipped, were to be held for the payment of the drafts, if the drafts were not paid by the drawees, and that the bank transferred them only for that purpose. If the drafts should be paid the drawees were to take the goods. To hold such indorsement to be a warranty would create great embarrassment in the use of bills of lading as collateral to commercial paper against which they are drawn.

The bank, after discounting the drafts, stood toward the acceptors in the position of an original lender, and could not be affected in its claim by the want of a consideration from the drawer for the acceptance, or by the failure of such consideration. This has been held in numerous cases, and was directly adjudged by this Court in *Hoffman v. The Bank of Milwaukee*, 12 Wall. 181, which in essential particulars is similar to the one at bar. There the bank had discounted drafts drawn by parties at Milwaukee on Hoffman & Company, commission merchants of Philadelphia, to which were attached bills of lading purporting to represent shipments of flour. Hoffman & Company accepted and paid the drafts. The bills of lading proved to be forgeries, and Hoffman & Company sued the bank to recover the money paid. It was contended that they had accepted and paid the drafts in the belief that the accompanying bills of lading were genuine, and that, had they known the real facts, they would not have accepted and paid the drafts, and could not have been compelled to do so, in which case the loss would have fallen on the bank; that is, that they paid the drafts under a mistake of facts. But the Court answered "that money paid as in this case by the acceptor of a bill of exchange to the payee of the same, or to a subsequent indorser in discharge of his legal obligation as such, is not a payment by mistake, nor without consideration, unless it be shown that the instrument was fraudulent in its inception, or that the consideration was illegal, or that the facts and circumstances which impeach the transaction as between the acceptor and the drawer were known to the payee or subsequent indorsee at the time he became the holder of the instrument;" that, supposing the plaintiffs accepted the bills of exchange upon the faith and security of the bills of lading attached, that fact would not benefit them, as the bills of exchange were in the usual form, and contained no reference whatever to the bills of lading, and it was not pretended that the defendants had any knowledge or intimation that the bills of lading were not genuine, or that they had made any representation upon the subject to induce the plaintiffs to contract any such liability; that undoubtedly the bills of lading gave some credit to the bills of exchange beyond what was created by the pecuniary standing of the parties to them, but that they were not a part of those instruments, and could not be regarded in any more favorable light than as collateral security accompanying the bills of exchange; and that proof that the bills of lading were forgeries could not operate to discharge the

liability of the plaintiffs, as acceptors, to pay the amounts to the payees or their indorsees, as the payees were innocent holders, having paid value for the same in the usual course of business.

The case of *Robinson v. Reynolds*, decided by the Queen's Bench, and, on error, in the Exchequer Chamber, 2 Q. B. 196, is also similar, in essential particulars, to the one at bar. An action of assumpsit having been brought by the indorsee of a bill of exchange against the acceptors, they pleaded that the drawer was in the habit of delivering goods in Ireland to the City of Dublin Steam Company to be carried to Liverpool, consigned and deliverable there to his order, and of taking from the company a receipt for the goods, bill of lading or document, which by the custom of merchants, when indorsed for value, passed the property in the goods and entitled the indorsee to have them delivered to him; that the drawer used to obtain advances from the National Bank of Ireland on indorsing to it such document, and drawing and delivering to it a bill of exchange on the defendants or other person to whom the goods were deliverable; that the bank used to forward the indorsed document to Liverpool, and to have it presented to defendants (or such other person), and on the faith thereof, the defendants (or such other person) used to accept the bill of exchange; that the drawer, pretending to act in pursuance of such usage, fraudulently indorsed and delivered to the bank a document in the usual form, to which the signature of the agent of the steam company was forged, purporting that the goods mentioned in it had been delivered to the steam company, which was false; and the drawer, at the same time, indorsed the bill of exchange in controversy to the bank, which advanced him the amount on the faith of the document; that the bank induced the document and had it presented to the defendants with the bill of exchange and requested them to accept the bill of exchange on the faith of, and in consideration of, the delivery of the document, which was delivered as a true one; that the defendants, in consideration of the goods mentioned in the document, and in consideration and on the faith of it, and in ignorance of its being forged, accepted the bill of exchange for and at the request of the bank; and that thus the consideration for the acceptance which defendants had been induced to make, under the mistake into which they had been led by the conduct and indorsement of the bank, wholly failed. The plea did not allege that the bank knew the document to be forged or represented it to be genuine; and on that ground, after verdict for the defendants, the plaintiffs, representing the bank, obtained a rule *nisi* for a new trial, or for judgment *non obstante veredicto*. After argument the Queen's Bench made the rule absolute. In giving its decision Lord Denman said: "The plea does not show that the plaintiffs made any representation which they knew to be false, nor that they warranted the bill of lading to be genuine, nor does it disclose that the defendants accepted the bill of exchange on which the action is brought upon the faith of any assertion by the plaintiffs, further than their indorsement upon it, that the bill of lading, which turned out to be forged, was genuine. On the contrary, it appears by the other averments in the plea that the drawer of the bill was the correspondent of the defendants, and that it was upon his authentication of the bill of lading, as referring to goods which he professed to have consigned to them, that they acted." Judgment was accordingly ordered for the defendant, *non obstante veredicto*.

The case having been taken to the Exchequer Chamber, the judgment of the Court of Queen's Bench was affirmed. Tindal, C. J., in delivering the opinion of the Court, said: "The sole ground on which the defendant relies is, that the acceptance was not binding on account of the total failure or insufficiency of the consideration for which it was given,

the document, on the delivery of which the acceptance was given, having been forged, and there never having been any other consideration whatsoever for the acceptance of the defendants. And this would have been a good answer to the action, if the bank had been the drawers of the bill. But the bank are indorsees, and indorsees for value; and the failure or want of consideration between them and the acceptors constitutes no defense; nor would the want of consideration between the drawer and acceptors (which must be considered as included in the general averment that there was no consideration), unless they took the bill with notice of the want of consideration, which is not averred in this plea. Admitting that the bill was accepted by the drawee at the request of the bank, and on a consideration which turns out to be utterly worthless, the case is the same as if the bill had been accepted without any value at all being given by the bank to the defendants; and, on that supposition, the defendants would still be liable as acceptors to the bank, who are indorsees for value, unless not only such want of consideration existed between the drawer and acceptors, but unless the indorsees had notice or knowledge thereof. For the acceptance binds the defendants conclusively, as between them and every *bona fide* indorsee for value. And it matters not whether the bill was accepted before or after such an indorsement."

Many other cases to the same purport might be cited: *Craig v. Sibbett*, 15 Penn., 240; *Monroe v. Bordier*, 8 C. B., 862; *Thiedeman v. Goldschmidt*, 1 De Gex. F. & J., 4; *Hunter v. Wilson*, 19 L. J. Exch., 8; *Leather v. Simpson*, 11 Law Rep. Eq., 398.

The bad faith in the taker of negotiable paper which will defeat a recovery by him must be something more than a failure to inquire into the consideration upon which it is made or accepted, because of rumors or general reputation as to the bad character of the maker or drawer.

The main position of the plaintiffs in error is, therefore, untenable. It only remains to say a few words respecting the exceptions to the rejection and admission of testimony.

1. Articles from newspapers touching the conduct of Du Bois in drawing drafts, with alleged fictitious bills of lading attached, on a house in Buffalo two years before, were excluded as having no connection with the transactions in controversy, and it not appearing that the officers of the bank ever saw them; and we think the exclusion was correct. The story of his conduct two years before in a different transaction, however bad or even criminal it may have been, did not show, or tend to show, bad faith in the officers of the bank in discounting the drafts in this case.

2. The testimony of one of the plaintiffs and of one of his attorneys was offered as to declarations of the president of the bank made several days after the last draft had been discounted, to the effect that the bank had become largely involved in certain wool transactions with Du Bois, as early as July or August, 1881, and would have broken off its relations with him if it had not been that this wool matter remained unsettled. The testimony was excluded, and rightly so. The declarations had no bearing upon the good faith of the officers of the bank in the transactions in this case; and if they had, being made some days after those transactions, they were not admissible as part of the *res gesta* any more than if made by a stranger. Evidence of declarations of an agent as to past transactions of his principal are inadmissible as mere hearsay: *Luby v. Hudson River Road Co.*, 17 N. Y., 133; *Adams v. The Hannibal and St. Joseph Railroad Co.*, 74 Mis., 533.

3. The testimony of the president of the bank, explanatory of the con-

duct of its officers when certain drafts came back protested, was admissible. The witness had testified, upon examination by the plaintiffs, that the bank never had any knowledge of a forged bill of lading by Du Bois until October 31, 1881; and that it was not a fact that he had purposely remained ignorant of the facts and circumstances attending the protests of certain other drafts of Du Bois, to which bills of lading were attached, which the bank had discounted, and that he could only explain why no particular pains were taken in the matter by stating what the usage of the bank was in such matters. As the witness was about to state such usage, the counsel of the plaintiffs interrupted him, and called his attention to the question put, whether any special pains had been taken, but the Court said, let him state the usage as to such papers. The witness then answered as follows: "No, sir; I did not take any special pains, for the reason that it is a matter of very common occurrence. A merchant will ship a lot of grain to New York, the drafts come there, and for some reason a commission merchant won't pay them; it may be that he is not in a position to do it; it may be he thinks they are drawn for too much, and he refuses to pay; the drafts come back, or are held under directions of the bank for settlement or other arrangement. That is a very common occurrence on shipments with bills of lading attached." There could be no just objection to the Court's receiving this explanation.

We see nothing in the other exceptions which requires notice.
Judgment affirmed.

SAVINGS BANK TRUSTEES.

The general savings bank law of New York prohibits Trustees of savings banks from having any interest whatever, direct or indirect, in the gains or profits thereof, and from directly or indirectly receiving any pay or emolument for services rendered as Trustees, except that it shall be lawful for Trustees of savings banks, acting as officers of such corporations, whose duties require and receive their regular and faithful attendance at the bank, to receive compensation therefor; but it is not lawful to pay Trustees, as such, for attendance at meetings of the board.

Recently the question has been raised that a strict construction of the law might debar savings banks from depositing their surplus moneys with banks or trust companies when one or more of the Trustees of a savings bank was a stockholder of the deposit bank or company, or from accepting the guarantee of title to real estate made by a corporation a shareholder of which was a Trustee of the savings bank, or from holding fire insurance policies on property mortgaged to a savings bank where a stockholder of the insurance company was a Trustee of the savings bank, or from having business relations with any corporation whose shareholders may be Trustees of the savings bank. No judicial determination of the question having been had, Bank Superintendent Willis S. Paine requested the Attorney-General to give official construction to the intent of that portion of the law having reference to the subject. The conclusions of Attorney-General O'Brien are given in the following important opinion:

"Section 255 of the law in reference to savings banks ('Paine's Banking Laws,' page 262,) provides as follows: 'No Trustee of any such corporation shall have any interest whatever, direct or indirect, in the

gains or profits thereof, nor as such, directly or indirectly, receive any pay or emolument for his services, except as hereinafter provided; and no Trustee or officer of any such corporation shall directly or indirectly, for himself or as the agent or partner of others, borrow any of its funds or deposits, or in any manner use the same, except to make such current and necessary payments as are authorized by the Board of Trustees; nor shall any Trustee or officer of such corporation hereafter become an indorser or surety, or become in any manner an obligor for moneys loaned by or borrowed of such corporation.' This is the only section of the law which appears to describe the powers and duties of the Trustees in respect to the matters to which the questions relate.

"It is the duty of the Trustees to satisfy themselves as to the validity of titles to real estate upon which the money of the institution is loaned. The manner in which they shall proceed to ascertain the validity of such titles rests in the discretion of such Trustees; and if in the sound use of such discretion they deem it advisable to have a title investigated and guaranteed by a corporation engaged in such business, I do not think there is anything in section 255 (*supra*) which can be construed into a prohibition from such services being performed by a corporation in which one of the Trustees of the bank owns stock. This would not give such a Trustee 'any interest, direct or indirect, in the gains or profits' of the bank, nor would the services rendered by the corporation in searching and guaranteeing the title, strictly speaking, be considered services rendered by a Trustee. Even were it so construed, the Act does not prohibit the rendition of such services by the Trustees, but simply forbids such Trustees receiving compensation therefor. It is not borrowing money from the bank, nor is it becoming indorser or surety by a Trustee or an obligor for moneys loaned by or borrowed of such bank.

"A person owning real estate is at liberty to insure it against fire in a fire insurance company, irrespective of who or what the Directors in such company are. The fact that the property is subsequently or previously mortgaged to a savings bank cannot abridge this right. The title to the property is not in the savings bank. The loss, if any, may be made payable to the bank as mortgagee. This does not affect the right of the insured to choose his own company. A Trustee of the savings bank who may be a stockholder in the company in which property is insured upon which the bank has a mortgage, receives no benefit, direct or indirect, from the bank. The contract is not with the bank, and is not necessarily made with a corporation designated by the bank. The profits derived by the insurance company do not come from the bank, but from the owner of the property by whom the premiums are paid.

"The section under consideration forbids a Trustee of a savings bank, either for himself or as agent or partner of others, from borrowing any of its funds or deposits. Is a deposit in a discount bank or trust company of which one of the Trustees is a Director or stockholder such a borrowing as is meant by the statute? There is a well recognized legal distinction between a loan or 'borrowing' and a deposit, and the rights and responsibilities of parties under these different species of contract are quite different. I think the word borrowing, as used in the section, was intended to be employed in its ordinary legal signification and does not include deposits of money with banks of discount, and that when a savings bank deposits its funds with said discount bank the latter cannot be said to be a borrower, and the fact of one of the Directors being a Trustee does not, therefore, bring it within the prohibition of section 255.

"A Trustee may act as counsel in investigating and certifying the validity of titles to real property upon which the bank desires to loan money, subject to the prohibition from receiving any pay or emoluments from the bank for his services. In my opinion, therefore, the questions should all be answered in the negative, subject to the qualifications above stated."

THE SUB-TREASURY SYSTEM.

The Senate Finance Committee, in reporting adversely a bill to establish a Sub-Treasury at Louisville, Ky., has given an interesting statement of its views upon the general subject of the Sub-Treasury system, and a comparison of its merits with that of National bank depositories. The report, drafted by Senator Aldrich, has an important bearing on several pending propositions for Sub-Treasury reorganization, a more liberal policy toward the depositories, etc., and is the first expression given by this Committee on some of the points involved. The following extracts are taken from the report:

"The Committee believe that no public interest will be advanced by the establishment of a Sub-Treasury at Louisville. Ample facilities are now afforded for the collection, disbursement and transmission of the public moneys by the designated depositories without expense or risk of loss to the Government, and the currency used is retained in the regular channels of trade. If economy and safety in the custody of the Treasury reserves and surplus funds is desired, the number of Sub-Treasuries should be reduced rather than increased. The cause which led to the adoption of the Sub-Treasury system no longer exists, and cannot be urged in favor of this bill. In 1846, when the present system was adopted, there was a general feeling that the Government deposits were insecure, and that the character of the State banks was such that they could not be properly selected to act as fiscal agents of the United States. The Committee are not aware of any advantage which would result to the banks or people of Louisville by the establishment of a Sub-Treasury in that city, other than that they would not then be obliged to pay the expense of transmitting gold and silver coin to the nearest Sub-Treasury for purposes of redemption and exchange. If it is the intention of the promoters of this bill to oblige the Government to pay the expense of returning the silver coin to the Treasury, it would be much cheaper to pay express charges on all shipments, rather than to establish Sub-Treasuries at all points where private institutions desire to avoid the expense necessarily incident to a portion of their business. In the distribution of certificates and other paper currency Sub-Treasury cities have now no advantage over other points, as it is the custom of the Treasury Department to charge in all cases a sum equal to the cost of transportation to parties requiring currency. The public revenues are now collected and disbursements made outside the Sub-Treasury cities with absolute security to the Government, through more than 160 National bank depositories. The arguments used in favor of the establishment of a Sub-Treasury at Louisville might be urged with equal or greater force in behalf of a large portion of the 160 cities where these depositories are located. It is apparent to the Committee that if any valid reasons exist for the establishment of a Sub-Treasury at Louisville, it would be impossible to resist such an extension of the system as would entail upon the Government immense and unnecessary expense without resulting benefit or convenience to the public. The Committee report the bill back adversely, and recommend that it do not pass."

INQUIRIES OF CORRESPONDENTS.

ADDRESSED TO THE EDITOR OF THE BANKER'S MAGAZINE.

DISSOLUTION OF NATIONAL BANK BY EXPIRATION OF ITS CHARTER.

Is there any law governing deposits remaining in a bank after expiration of its charter?

REPLY.—The question intended to be asked by the inquirer, we take to be this: Supposing a solvent National bank to permit its charter to expire by lapse of time, without going into voluntary liquidation or taking steps to secure a proper distribution of its assets after such expiration, how are the rights of its depositors and other creditors to be enforced?

We have seen no direct adjudication upon this question, and it is one which can only have arisen in recent years, since the chartered periods of the National banks first organized have begun to be reached.

It appears to us to be a case not directly provided for in the National Bank Act and its amendments.

Section 5141 of the U. S. Revised Statutes provides for the appointment of a receiver by the Comptroller of the Currency, when a bank fails to make its capital up to the legal minimum.

§ 5191 authorizes such appointment when its lawful money reserve is not made good.

§ 5201. When a bank continues to hold its own capital stock.

§ 5205. When a bank has failed to pay up its capital stock, or has failed to make good deficiencies in its capital caused by losses or otherwise.

§§ 5195 and 5234. When a bank fails to redeem its circulating notes.

The Act of June 30, 1876, § 1. Whenever a bank "shall be dissolved and its rights, privileges and franchises declared forfeited, as prescribed in § 5239."

[This last section is the one which authorizes the Comptroller to enforce the forfeiture of a charter by suit in case the directors of a bank knowingly violate or permit the violation of any of the provisions of the Act.]

Also, whenever any creditor of a bank shall have obtained a judgment against it which has remained unsatisfied for the space of thirty days.

And finally, "whenever the Comptroller shall become satisfied of the insolvency" of a bank.

None of the provisions above referred to appear to authorize proceedings by the Comptroller, upon the expiration of the charter of a solvent bank by mere lapse of time; unless possibly it can be held that the first clause of § 1 of the Act of 1876 gives him authority to appoint a receiver; and we do not see how this can be, without doing violence to the language of the clause in question, which in terms provides only for the case of a dissolution resulting from a judgment of forfeiture; or unless the failure to perform some of the requirements of the law above quoted, resulting from the expiration of the charter, may give the Comptroller the right to proceed.

It would seem, therefore, that the case is left to be dealt with under the general law of the land relating to corporations. It has long been an established rule of equity jurisprudence that when a corporation is dissolved, its assets, into whatsoever hands they may come, are impressed with a trust in favor of its creditors and stockholders. This doctrine is thus stated in "Morawetz on Private Corporations," 2d Ed. § 1031, one of the latest works on this subject. "It is well settled that the equitable rights of the creditors of a corporation survive its dissolution, although their remedy at law is extinguished; and that a court of chancery will furnish a remedy and protect and enforce their equitable rights against any assets belonging to the corporation at the time of its dissolution." And see the authorities cited.

It is also said in the notes to § 866 of the same work:

"The provisions of the National Bank Act for winding up National banks are not exclusive of other remedies. A State Court may appoint a receiver of a National bank, if prior proceedings have not been begun in the Federal courts." As authority for which are cited *Wright v. Merchants' National Bank*, 1 Flipp, 568; *Merchants, &c., &c., National Bank v. Masonic Hall*, 63 Ga., 549; *Brinckerhof v. Bostwick*, 23 Hun., 237. We suppose that a bank which is in course of liquidation when the period of its charter expires, may possibly provide for the legal difficulties attending its dissolution, by a conveyance of its assets at the time of such expiration, to trustees to continue the liquidation until the assets of the corporation are finally distributed among its creditors and stockholders. In the absence, however, of some such arrangement as this, we think that it would be competent for any party in interest, whether creditor or stockholder, to apply to any court of general equity jurisdiction in the State where the bank was situated, and that such court would be authorized to and would order the appointment of a receiver of the assets of the bank to administer and distribute the same among all the parties in interest according to their respective rights.

THE "KOSMIAN" INK has been used by the Auditor of the Boston Custom House for a year or more, and Mr. Reed has just secured its adoption by the Burlington and Portland Custom Houses. General Cone, the new Boston Postmaster, a very progressive man, it is claimed, has adopted "Kosmian" for his official use in drawing checks on the Assistant Treasurer, and, it is further claimed, has recommended its adoption to the Post Office Department for use in the money order department and all disbursing offices. M. P. Kennard, the Assistant United States Treasurer at Boston, who has filled the office with such signal ability, expressed himself to the Kosmian Manufacturing Company as feeling fully satisfied that all checks now drawn on him were protected against alteration, so that neither the Government nor innocent parties could suffer loss.

OBITUARY.

MR. GEO. N. FARWELL, the late President of the Claremont National Bank, Claremont, N. H., died in this town, Feb. 24, aged 83 years, after an illness of four months. He was President of the old Claremont Bank before we organized as a National, and has been President of the National since its organization. He was a man of the old school, whose honor was never questioned, and of faultless integrity and character. He organized the Sullivan Savings Institution of this town in 1848; also secured the subscriptions to the stock of this bank when it was organized as a State bank in 1848. Three generations were officers of this bank, and have been for six years: Geo. N., the President, his son, John L. Farwell, the Vice-President, and his son Geo. N. Farwell, 2d, the Cashier.

BANKING AND FINANCIAL ITEMS.

THE MASSACHUSETTS SAVINGS BANK.—A ludicrous bundle of errors is telegraphed to the Springfield *Union* by its Boston correspondent, who represents Savings Bank Commissioner Chapin as saying that the deposits in the savings banks this year will show an increase of \$3,000,000, mainly from the laboring class, and that Mr. Chapin regards this gain "quite remarkable." Further, Mr. Chapin is made to say that loans to Irish are more promptly paid than loans to Germans. Instead of \$3,000,000, it appears that the year's increase will be about \$15,000,000. The gain last year over the previous twelvemonth was \$12,278,265.96, and the total deposits last year were \$274,998,412.90. This year they will be about \$290,000,000. Relative to the other statements of the *Union's* correspondent, it may be said that during the last ten years there has been less inclination to deposit in the savings banks than formerly, as people of means could do better; within a year or two, however, it has been difficult to invest money advantageously and the tendency to make use of the savings institutions has increased. It is the purpose of the commissioners to discourage deposits by people who are competent to take care of their money themselves, and latterly they have been more rigid than ever, the banks under their charge being intended for people who do not know how or have not the opportunity to invest their money in other ways. It is said that interest on loans is paid more promptly than ever, but as to Irish and German debtors, all that seems possible to say is that all Germans are prudent and that the prudent Irish are careful.

NATIONAL BANKS.—At the annual banquet of the Board of Trade and Transportation of New York, Comptroller Trenholm, in the course of an interesting address, said: "It is my function in Washington to exercise and supervise over the banks of the United States. There are now 2,911 National banks in operation in this great country. While we are speaking of the great improvements that have been made in trade and transportation, it may be as well to bear in mind that along with these improvements has grown up this great system of banking, which has given to this country what no other country has—a cheapness of exchange, a facility of collection, which do not exist anywhere else in the world. As members of this great commercial center, you must all be aware that your success, the advantages you enjoy in your transportation, are all facilitated and lubricated, as it were, by this National bank system. I think I know more about this subject than I do about sister States. Trade in our days is differently organized, as you are aware, to what it was before. Important as the cost of transportation is, the cost of exchange and collections is just as important to a community which has such widely extended commercial relations as the community of New York. This National bank system has really done less in that way than it has in cheapening the cost of collection and the rate of exchange. But you are to-day confronted with this great problem: The National bank system is unpopular in those parts of the country which control the majority of votes in Congress, and with all its advantages, which lie upon the surface, if it did not exist I doubt very much if Congress could be induced to pass a law to create it. I don't think the National bank law is in danger of repeal; but I am quite sure that if it had not been a law, it couldn't be enacted. There are great difficulties in the way of getting any legislation which would perpetuate that system, which my experience has shown is so valuable to us. I mention this because a great part of the prejudice against National banks is due to the fact that it is said, and sometimes believed, that the system is a kind of monopoly of which New York gets the benefit. I want to say here that from the careful study I have been able to give the system, that is not so. I believe that the National bank system is of greater importance to every other part of this country than it is to the city of New York."

THE BANKERS' CLEARING HOUSE.—The Bankers' Clearing House, in Post Office Court, Lombard street, is the medium through which bankers obtain the amount of checks and bills in their hands for collection from other bankers. Instead of presenting their checks at each banking house, and receiving cash and notes in payment, clearing bankers settle the whole amount delivered during the day at this establishment by receiving or paying the difference in their amount by a single check on the Bank of England. As every bank in London and the country is represented by clearing bankers, who, as agents, send through the Clearing House all drafts payable in the city and in the country, the amount passing through this channel is enormous. The total for the year ending December 31, 1885, was £5,511,071,000, and for the year preceding £5,518,071,000. The establishment is managed by a committee.

LARGE CHECKS.—In a late number of the *New York Tribune* a correspondent says: It is stated that two of the largest checks for money ever drawn in New York have just been framed; the first for \$1,000,000, signed by C. Vanderbilt, and the second for \$6,000,000 signed by W. H. Vanderbilt.

When I was a clerk in the banking house of J. Cooke & Co., \$1,000,000 checks were not so uncommon as to be thought worthy of framing. At that time, about 1868, the Government was converting the 7-30 notes into new 5-20s. J. Cooke & Co. used frequently to deliver \$1,000,000 in 7-30s at a time to the Sub-Treasury and we thought nothing of it. I remember going over with \$2,000,000 and getting a check for that sum and interest added.

I carried in one lot to Fish & Hatch \$1,000,000 new 5-20s. They were just off the Government presses and were numbered consecutively. For these I got a check for a million and some odd thousands. The smallest check that I ever saw was for one cent. It was drawn by a western official on the Treasury of the United States. That check excited more remark by the clerks who saw it than any of the million dollar ones.

A NEW BANK.—Mr. Manning, Secretary of the Treasury, has been elected President of the Western National Bank of the city of New York. Although the capital stock of the new bank is to be \$3,000,000, subscriptions amounting to between \$4,000,000 and \$4,500,000 have been received. The total amount of the stock has not yet been placed, but the bulk of it is held by United States Treasurer Conrad N. Jordan until final disposition is made of it. Meanwhile a small number of the shares, about 10 each, it is understood, are held by Mr. Manning, Assistant Treasurer Canada, Congressman William L. Scott, Ferdinand Blankenhorn, John R. McLean, Wm. R. Grace, Henry B. Hyde, Sidney Dillon and others. Mr. Jordan was elected Vice-President and Ferdinand Blankenhorn was elected Cashier. For 22 years he has been Cashier of the Third National Bank of this city. He came here from Poughkeepsie. The Board of Directors will probably not be elected before next week. The bank will occupy as quarters the northwest corner, first floor, of the Equitable Building. Mr. Canda denied that the bank had leased those quarters for five years at a rental of \$18,000 per annum, or that Mr. Manning's salary would be \$15,000 a year. The question of salary, he said, had not been settled, though it is generally placed at \$15,000.

MR. ALBERT G. GOODALL, President of the American Bank Note Company, whose death is mentioned elsewhere, was born at Montgomery, Ala., in 1826; he left there when 14 years old, and went to Cuba, where he remained several years, and then went to Philadelphia. From there he came to New York, and finally became President of the great business concern with which his name is identified. Intermediately, however, he had traveled pretty much all over the world. At one time he was in the Texas Navy, and suffered shipwreck on the coast of Norway. Besides the "Order of the Rose," from Dom Pedro, he was the recipient of a costly ring from the Czar of Russia. He was pre-eminently a self-made man. He never attended school after he was 13 years old, but by dint of perseverance he managed to acquire a good education. He was thoughtful, earnest in all he undertook, and never made a move until he was sure he was doing the best possible thing. After coming to New York he formed several business connections and was finally appointed President of the American Bank Note Company. He occupied a high post in the Masonic order, with which he had long been identified.

HOW HE ROBBED THE BANK.—Last November Howard T. Blackstone, Paying Teller of the Canal Bank in Portland, Maine, left town and wrote back to the bank officials that he was owing the bank \$76,000. The officials could not find any deficiency, and so Blackstone sent the following letter last December from Winnipeg to the President of the bank. Blackstone is now on trial at Winnipeg, and may be extradited :

MR. ELIAS THOMAS : I have just received a letter from my wife, and she says you ask if I have ever used any notes of your father's. No, I have not ; neither have I ever hypothecated any notes in my hands that were the property of banks. This would have led to my sure detection. The fact is, you have all had such implicit confidence in me that I have been able to get all the funds I needed without resort to forgery, as you will see when I explain how a man who handles no money can steal money. I did not ever need to have any notes. In order to get discount I would enter the names and amounts on the discount book, then check the note on the discount book as being a short-time note, as many are kept out for some informality. If the "tickler" had been referred to no such note would have been found entered. The proceeds I passed to the credit of different parties. Then I went to them and said they had been credited in error and asked for their check as the easiest way to fix it up on our books. When I was acting for the teller the notes paid or charged up were not always credited to bills discounted. If I knew Mr. Robinson was to be away next week I could pass any amount to anybody's credit. The papers say I paid for these things. This is not true. If it were it would certainly implicate whoever took pay of course. I did not operate often enough with any one firm to create suspicion. The loan is \$76,509 61 short ; my other accounts are all right, except a Boston check for \$814, which should be \$198.14. When the Bank Examiner came around I would put in enough collection notes to make good the deficit. When the Directors took a loan I raised the amounts of the notes sent away to Boston and New York. My speculations commenced in Maine mining stocks. Before that I was an honest man, and even then I had no more idea of robbing a bank than you have. I used my own money at first. I was elated with success and lost my head, risked all I had in cash, besides buying options. When options became due I had to have money from somewhere. This was when I first "borrowed" from the bank. I reasoned that I would soon be able to pay it all back, but that day never came.

In January, 1884, the Diamond Wrench Manufacturing Company was formed. My friends were going in and urged me to do the same. I thought it very profitable. I put in \$5,000 and lost all, but, as I thought, through mismanagement. July 9, 1885, it was sold at auction. C. R. Milliken was my only competitor. He offered me \$1,000 to go home. Now, I wish I had accepted his offer. He and George Burnham own one-quarter of the patent, for which they paid \$1,700. There has been some \$40,000 put into the company since July, 1885, and I think most of it can be got out. Mr. Libby will, I have no doubt, give you every assistance in his power. He is an honest, shrewd fellow, and has had no knowledge of my wrong-doing.

The papers say, like Mr. Gould, "I took a prominent part in religious circles." That's a lie, but I expect to have much said about me that is not true. I am a member of the State Street Church, but have not been inside church for two years. Not at Woodford's either. I have taken my little boy to Sunday school occasionally and that is all. No, I had too great a weight of sin upon me to enjoy anything religious. I haven't been happy a moment since I have been in this miserable business, and if man don't believe that "the wages of sin is death," just let him try it. I feel like calling on the rocks to fall on me. I have been going around the past few days trying to get work, offering to work for my board, offering to wash dishes in a hotel. I might have been a bank Cashier. These things are so pleasant to contemplate. How I could ever be such a fool is more than I can understand. I have carried nothing away with me. You have all that is left of the wreck. I regret the shock to your father as well as all the rest of you, and believe me when I say that I am sorry and ashamed that I have so abused the confidence placed in me. If you want to communicate with me write my ather.

H. T. BLACKSTONE.

NEW BANKS, BANKERS, AND SAVINGS BANKS.

(Monthly List, continued from February No., page 629.)

State.	Place and Capital.	Bank or Banker.	Cashier and N. Y. Correspondent.
ARK...	Pine Bluff.....	Citizens' Bank.....	National Park Bank.
	\$100,000	J. T. W. Tillar, <i>Pr.</i>	Andrew J. Thompson, <i>Cas.</i>
" ..	Fort Smith.....	American National Bank.	First National Bank.
	\$100,000	B. H. Tabor, <i>Pr.</i>	S. N. Dwight, <i>Cas.</i>
COL....	La Junta.....	Bank of Commerce.....	National Park Bank.
		I. R. Holmes, <i>Pr.</i>	Lester Hays, <i>Cas.</i>
" ..	Monte Vista....	Bank of Monte Vista....	Fourth National Bank.
	\$30,000	(Wallace Bros.)	J. R. B. Wallace, <i>Cas.</i>
CONN...	New Haven....	Mercantile Safe Dep. Co.	.....
		T. R. Trowbridge, Jr., <i>Pr.</i>	Chas. R. Trowbridge, <i>Tr. & Sec.</i>
DAK...	Bathgate.....	Citizens Bank.....	Chase National Bank.
			Chas. L. Parker, <i>Cas.</i>
" ..	Sioux Falls....	Sioux Falls Sav. Bank...	.....
	\$50,000	Wm. Van Eps, <i>Pr.</i>	Mark Russell, <i>Cas.</i>
" ..	Flandreau.....	Farmers & Merch. Bank.	National Park Bank.
			Arthur J. Smith, <i>Cas.</i>
" ..	Huron.....	National B'k of Dakota..	.....
	\$50,000	David L. Stick, <i>Pr.</i>	John A. Kemp, <i>Cas.</i>
GA.	Atlanta.....	Neal Loan & B'k'g Co...	Fourth National Bank.
	\$100,000	Thomas B. Neal, <i>Pr.</i>	Eugene H. Thornton, <i>Cas.</i>
ILL....	Forest.....	S. A. Hoyt & Co.....	.....
" ..	Beardstown....	First National Bank....	.....
	\$50,000	John H. Harris, <i>Pr.</i>	Thomas K. Condit, <i>Cas.</i>
IOWA...	Hartley.....	Security State Bank.....	.....
	\$25,000	Wm. S. Fuller, <i>Pr.</i>	Walter J. Lorschbough, <i>Cas.</i>
KAN....	Nescatunga....	Bank of Nescatunga....	.....
	\$5,000	James M. Mercer, <i>Pr.</i>	Chas. M. Jones, <i>Cas.</i>
" ..	Newton.....	Citizens Bank.....	Importers & Traders' Nat'l B'k.
	\$50,000	E. B. Fowler, <i>Pr.</i>	C. A. Swenson, <i>Acting Cas.</i>
" ..	Smith Centre..	Smith Co. National B'k..	Continental National Bank.
	\$50,000	Orson W. Sheldon, <i>Pr.</i>	Albert U. Sheldon, <i>Cas.</i>
MICH...	Frankfort.....	Bank of Frankfort.....	National Park Bank.
	\$7,250	Eugene R. Chandler, <i>Pr.</i>	Frank L. Fuller, <i>Cas.</i>
" ..	Grayling.....	Grayling Exchange B'k..	Mercantile National Bank.
	\$5,000		John Staley, Jr., <i>Cas.</i>
MINN...	Duluth.....	Paine & Larder.....	Mercantile National Bank.
	\$40,004		
MO.	Cassville.....	Barry County Bank.....	Bank of America.
	\$10,000	Wm. K. Bayless, <i>Pr.</i>	John M. Bayless, <i>Cas.</i>
" ..	Sturgeon.....	Sturgeon Exchange B'k..	.....
	\$10,000	Joseph M. Seymour, <i>Pr.</i>	Wm. H. Winscott, <i>Cas.</i>
" ..	Kansas City...	Union National Bank...	.....
	\$600,000	David T. Beals, <i>Pr.</i>	Chas. H. V. Lewis, <i>Cas.</i>
NEB....	Cortland.....	Exchange Bank.....	.....
	\$20,000	Jeremiah Chapman, <i>Pr.</i>	Jerre R. Chapman, <i>Cas.</i>
" ..	Loomis.....	Bank of Loomis.....	National Park Bank.
		John H. Einsel, <i>Pr.</i>	Ephraim D. Einsel, <i>Cas.</i>
" ..	Sutton.....	Sutton Exchange Bank..	Chemical National Bank.
	\$25,000	J. C. Merrill, <i>Pr.</i>	E. W. Woodruff, <i>Cas.</i>
N. Y....	Haverstraw....	People's Bank.....	Irving National Bank.
	\$50,000	Uriah F. Washburn, <i>Pr.</i>	Henry C. Ver Valen, <i>Cas.</i>
N. C....	Statesville....	First National Bank....	.....
	\$50,000	Geo. F. Shepperd, <i>Pr.</i>	Geo. H. Brown, <i>Cas.</i>
OHIO...	Cincinnati....	Atlas National Bank....	.....
	\$200,000	Wm. Stichtenoth, Jr., <i>Pr.</i>	Edward Albert, <i>Cas.</i>

<i>State.</i>	<i>Place and Capital.</i>	<i>Bank or Banker.</i>	<i>Cashier and N. Y. Correspondent.</i>
PENN...	Manheim.....	Keystone National Bank. \$60,000 W. Litzenger, <i>Pr.</i>	Frederick G. Brosey, <i>Cas.</i>
" ..	Stroudsburg... \$100,000	Stroudsburg Nat. Bank.. P. M. Eilenberger, <i>Pr.</i>	John S. Fisher, <i>Cas.</i>
TENN..	Memphis..... \$500,000	Memphis National Bank. David T. Porter, <i>Pr.</i>	James H. Smith, <i>Cas.</i>
TEX. ...	Fort Worth. .	Merchants' National B'k. \$300,000 J. G. Wright, <i>Pr.</i>	American Exchange Nat'l Bank. Albert B. Smith, <i>Cas.</i>
" ..	Paris.....	First National Bank..... \$50,000 Geo. F. Hicks, <i>Pr.</i>	W. J. McDonald, <i>Cas.</i>
Wis. ...	Kaukauna	First National Bank. . . \$50,000 H. A. Frambach, <i>Pr.</i>	J. Stilwell Vilas, <i>Cas.</i>

NATIONAL BANK LEGISLATION.—At the last monthly dinner of the Commercial Club of Boston, Messrs. Stanton, Blake, Phineas Pierce and Colonel William A. Tower, a committee appointed at a previous meeting to consider suggestions made by Mr. Alexander S. Wheeler, submitted the following report :

Your committee have carefully considered the questions discussed in Mr. Wheeler's address, and have also corresponded with some of the most highly esteemed financial authorities in New York, and they are pleased to agree in general with Mr. Wheeler's plan for a convention of delegates from the National banks to formulate, through a sub-committee, some scheme of proposed legislation to be submitted to Congress for their action.

The committee find that all parties identified with the National banks, who have had experience in attempting to influence legislation at Washington, are agreed in the opinion that the prejudice against banks and bankers is so strong and deeply-rooted with many members of Congress, especially with representatives from the South and West, that many of the bank officers almost despair of any just legislation at present in the interest of the National bank circulation. Moreover, some of those best informed of the state of feeling at Washington express the opinion that any scheme or suggestions for proposed legislation as to the currency coming from the banks would meet with the more opposition on this very account. These parties therefore argue that it will be wiser for the banks to abstain from taking any active part in formulating any proposals for action by Congress. Your committee, while fully appreciating the force of this argument, cannot agree that it has sufficient weight to justify the banks as an organization in allowing the enormous interests which they represent to suffer for the lack of the intelligent and experienced professional guidance and counsel which the banks only are competent to furnish out of their own ranks to our legislators at Washington. It does not appear within the province of your committee, even if they felt competent to do so, to make any definite suggestions in the way of proposing any scheme for legislation on the currency question. Such a plan should be formulated by competent and experienced financiers directly representing the National banks throughout the country and possessing the influence and authority which such representations should command both in Congress and with the public at large. As regards the further action to be taken by the club toward a practical accomplishment of Mr. Wheeler's plan, your committee suggests the appointment of a permanent committee, including the president, with authority to represent the club in conferring with the National banks or with our corresponding organizations in other cities, and to take such further action in the matter in the name of the club as the committee may see fit.

"THE FINANCIAL REVIEW."—It is the custom of the publishers of the *Commercial and Financial Chronicle*, New York, to issue a statistical work annually under the title of *Financial Review*. The volume for this year has recently been completed, continuing the special characteristics of its predecessors, being a comprehensive presentation of information relating to commerce, banking, railway and other securities, earnings, etc., and is of such value for consultation that investors, bankers, brokers and many other business men cannot do well without it.

OFFICIAL BULLETIN OF NEW NATIONAL BANKS.

(Continued from February No., page 634.)

<i>No.</i>	<i>Name and Place.</i>	<i>President.</i>	<i>Cashier.</i>	<i>Capital.</i>
3629	First National Bank..... Piedmont, W. VA.	Jacob S. Jameson,	John Daily,	\$ 50,000
3630	Smith County National Bank... Smith Centre, KAN.	Orson W. Sheldon,	Albert U. Sheldon,	50,000
3631	Merchants National Bank..... Fort Worth, TEXAS.	J. G. Wright,	A. B. Smith,	300,000
3632	Stroudsburg National Bank..... Stroudsburg, PENN.	Peter M. Eilenberger,	John S. Fisher,	100,000
3633	Memphis National Bank..... Memphis, TENN.	David T. Porter,	James H. Smith,	500,000
3634	American National Bank..... Fort Smith, ARK.	B. H. Tabor,	S. N. Dwight,	100,000
3635	Keystone National Bank..... Manheim, PENN.	Willoughby Litzenger,	Frederick G. Brosey,	60,000
3636	National Bank of Dakota..... Huron, DAK.	David L. Stick,	John A. Kemp,	50,000
3637	Union National Bank..... Kansas City, MO.	David T. Beals,	Chas. H. V. Lewis,	600,000
3638	First National Bank..... Paris, TEXAS.	Geo. F. Hicks,	W. J. McDonald,	50,000
3639	Atlas National Bank..... Cincinnati, O.	Wm. Stichtenoth, Jr.,	Edward Albert,	200,000
3640	First National Bank..... Beardstown, ILL.	John H. Harris,	Thomas K. Condit,	50,000
3641	First National Bank..... Kaukauna, WIS.	H. A. Frambach,	J. Stilwell Vilas,	50,000

The reports of the New York Clearing-house returns compare as follows:

<i>1887.</i>	<i>Loans.</i>	<i>Specie.</i>	<i>Legal Tenders.</i>	<i>Deposits.</i>	<i>Circulation.</i>	<i>Surplus.</i>
FEB. 5..	\$359,185,000	\$93,420,400	\$24,210,000	\$388,634,600	\$7,720,100	\$20,471,750
" 12..	365,586,700	93,531,800	23,270,600	392,771,300	7,657,300	18,609,600
" 19..	367,350,000	91,647,200	21,776,700	391,778,800	7,646,600	15,479,200
" 26..	368,413,500	87,068,800	21,189,900	387,462,800	7,606,700	11,393,000

The Boston bank statement is as follows:

<i>1887.</i>	<i>Loans.</i>	<i>Specie.</i>	<i>Legal Tenders.</i>	<i>Deposits.</i>	<i>Circulation.</i>
JAN. 29.....	\$145,629,100	\$10,851,600	\$3,512,600	\$109,761,000	\$12,520,900
FEB. 5.....	146,825,100	10,704,600	3,037,000	110,748,000	12,329,800
" 12.....	146,003,000	11,061,000	3,133,600	110,011,500	11,953,400
" 19.....	146,209,600	11,047,000	2,904,400	110,329,800	11,828,200
" 26.....	145,740,200	10,790,900	2,801,300	109,000,700	11,527,400

The Clearing-house exhibit of the Philadelphia banks is as annexed:

<i>1887.</i>	<i>Loans.</i>	<i>Reserves.</i>	<i>Deposits.</i>	<i>Circulation.</i>
FEB. 5.....	\$85,687,400	\$22,837,600	\$82,775,900	\$3,515,750
" 12.....	85,717,900	23,555,800	83,042,000	3,507,740
" 19.....	85,757,900	22,959,100	83,135,500	3,500,740
" 26.....	86,049,700	23,120,600	84,266,900	3,495,740

CHANGES OF PRESIDENT AND CASHIER.

(Monthly List, continued from February No., page 631.)

<i>Bank and Place.</i>	<i>Elected.</i>	<i>In place of.</i>
N.Y. CITY.—N. Shoe & Leather Bank.	Geo. L. Pease, <i>V. Pr.</i>	Chas. Spear.
	A. M. Scriba, <i>Cas.</i>	Henry M. Knapp.
	W. D. VanVleck, <i>A. Cas.</i>.....	.....
" .. East River National Bank.....	Raymond Jenkins, <i>V. Pr.</i>.....	.....
" .. Fulton National Bank.....	W. Irving Clark, <i>V. Pr.</i>.....	.....
" .. Hanover National Bank	Mitchell B. Packard, <i>V. Pr.</i>.....	.....
" .. Merchants' Exchange Nat'l B'k.	Wm. H. Thomson, <i>V. Pr.</i>	J. G. Davis.
ARK.... N. B. of W. Ark., Fort Smith.	Geo. T. Sparks, <i>Pr.</i>	Bernard Baer.
" .. American National Bank,	B. F. Atkinson, <i>V. Pr.</i>....	.....
Fort Smith.	Russell Myrick, <i>A. Cas.</i>....	.....
CAL.... So. Cal. Nat. B'k, Los Angeles.	John J. Redick, <i>Pr.</i>	H. H. Boyce.
" .. First Nat'l Bank, Pasadena....	J. E. Farnum, <i>Cas.</i>	D. Galbraith.
" .. First Nat'l Bank, Pomona.....	Thos. Coates, <i>V. Pr.</i>	J. E. McComas.
" .. First National Bank,	James W. Calkins, <i>Pr.</i>.....	.....
Santa Barbara.	H. P. Lincoln, <i>A. Cas.</i>....	.....
COL.... Bank of Lamar,	J. H. Borders, <i>Pr.</i>	I. R. Holmes.
Lamar.	A. V. Scott, <i>Cas.</i>	C. M. Morrison.
" .. First National Bank,	Frank G. Bloom, <i>V. Pr.</i>	G. R. Swallow.
Trinidad.	E. P. Jordan, <i>A. Cas.</i>	A. M. Hawley.
CONN.... First National Bank, Litchfield.	Chas. H. Coit, <i>Ass't Cas.</i>.....	.....
" .. Nat. B. of Norwich, Norwich..	E. J. Hill, <i>V. Pr.</i>	James W. Hyatt.
DAK.... Citizens' National Bank,	Wm. Budge, <i>Pr.</i>	J. S. Eshelman.
Grand Forks.	W. H. Burr, <i>A. C.</i>.....	.....
" .. First National Bank,	W. F. Holmes, <i>V. Pr.</i>	O. E. Jones.
Cassellton.	J. L. Gunkel, <i>Cas.</i>	W. F. Holmes.
" .. First National Bank, Grafton..	Chas. A. Harris, <i>Ass't C.</i>	J. W. Whitman.
" .. First Nat'l Bank, Redfield.....	Roscoe Stinson, <i>V. Pr.</i>....	.....
DEL.... First National Bank,	Philip L. Cannon, <i>V. Pr.</i>....	.....
Seaford.	H. W. Baker, <i>Cas.</i>	Mitchell J. Morgan
D. C.... Columbia National Bank,	A. T. Britton, <i>V. Pr.</i>.....	.....
Washington.	E. Southard Parker, <i>Cas.</i>.....	.....
GA. People's National Bank,	John Windsor, <i>Pr.</i>	S. H. Hawkins.
Americus.	John B. Yelder, <i>Cas.</i>	H. C. Bagley.
IDAHO.. Boise City N. B., Boise City...	Jos. Perrault, <i>A. Cas.</i>....	.....
ILL.... First National Bank,	R. O. Crawford, <i>Pr.</i>	J. B. Lewis.
Farmer City.	T. H. Slick, <i>V. Pr.</i>	A. M. Cumming.
	James H. Harrison, <i>Cas.</i>	Frank J. Miller.
	Isaac T. Houseman, <i>A. C.</i>.....	.....
" .. First National B., Waukegan..	Nelson A. Steele, <i>V. Pr.</i>....	.....
" .. Hancock Co. N. B., Carthage..	J. C. Ferris, <i>A. Cas.</i>.....	.....
" .. German Am. N. B., Lincoln....	F. C. W. Koehule, <i>V. Pr.</i>....	.....
" .. Rockford National Bank,	Wm. F. Woodruff, <i>Cas.</i>	M. S. Parmelee.
Rockford.	Jas. T. Joslin, <i>A. Cas.</i>	Wm. F. Woodruff.
IND.... Central National Bank,	Alfred Hirt, <i>Pr.</i>	R. L. O'Hair.
Greencastle.	M. F. McHaffie, <i>V. Pr.</i>	Alfred Hirt.
	R. L. O'Hair, <i>Cas.</i>	Daniel W. Lovett.
	C. S. Bridges, <i>A. C.</i>.....	.....
" .. Citizens' National B'k, Muncie.	Will M. Marsh, <i>Cas.</i>	John Marsh.*
" .. First Nat'l B'k, Crawfordsville.	Samuel W. Austin, <i>Cas.</i>	C. H. Davidge.
" .. First National B'k, Martinsville.	C. A. McCracken, <i>Cas.</i>	A. E. Graham.
" .. Third National Bank,	Walter W. Bonner, <i>Cas.</i>	Cortez Ewing.
Greensburgh.	Putnam Ewing, <i>A. C.</i>	Walter W. Bonner.
" .. First Nat'l B'k, Connersville..	J. C. Mount, <i>A. Cas.</i>.....	.....
" .. First National Bank,	Wm. Niles, <i>Pr.</i>	S. S. Sabin.
La Porte.	H. D. Morrison, <i>V. Pr.</i>....	.....

* Deceased

	<i>Bank and Place.</i>	<i>Elected.</i>	<i>In place of</i>
IND....	First National Bank, Lebanon.	G. W. Baird, <i>Pr.</i>	W. J. Devol.
"	First Nat'l Bank, Seymour....	Levi Lane, <i>V. Pr.</i>	G. W. Baird.
"	First Nat'l Bank, Shelbyville...	J. H. Andrews, <i>V. Pr.</i>	James H. Blish.
"	Howard Nat'l B'k, Kokomo...	John Messick, <i>Pr.</i>	John Elliott.
"	"	John A. Jay, <i>Cas.</i>	Wm. P. Vaile.
IOWA...	Des Moines Sav. B., D. Moines.	Geo. B. Hippee, <i>Cas.</i>	J. W. Geneser.
"	Farmers' & Miners' B., Lucas..	J. C. Baker, <i>Cas.</i>	A. D. Mallory.
"	First National Bank, Grinnell.	Chas. F. Craver, <i>Pr.</i>	J. P. Lyman.
"	First National B'k, Montezuma.	H. K. Edson, <i>V. P.</i>	Chas. F. Craver.
"	First National Bank, Waterloo.	C. A. C. Harris, <i>V. Pr.</i> ...	Thomas Harris.
"	First Nat'l Bank, What Cheer.	Allen T. Lane, <i>V. Pr.</i>....	.....
"	People's N. B., Independence...	John G. Schott, <i>V. Pr.</i> ...	J. A. Vincent.
"	Creston Nat'l Bank, Creston...	Thos. Edwards, <i>V. P.</i>	A. H. Trask.
"	First Nat'l Bank, Fort Dodge...	W. J. Doulin, <i>A. Cas.</i>....	.....
"	First Nat'l Bank, Sutherland...	R. P. Furlong, <i>V. Pr.</i>	H. Norton.
"	Merchants' National Bank, Fort Dodge.	James Porter, <i>V. Pr.</i>....	.....
"	Nat'l State Bank, Burlington...	Webb Vincent, <i>Pr.</i>	A. McBane.
"	National State Bank, Mount Pleasant.	J. M. Mulroney, <i>V. Pr.</i> ...	Webb Vincent.
"	"	John J. Fleming, <i>A. Cas.</i>...	.....
"	"	J. H. Whiting, <i>Pr.</i>	Timothy Whiting.
"	"	Geo. H. Spahr, <i>V. Pr.</i>	J. H. Whiting.
KAN....	Anthony National Bank, Anthony.	H. M. Denlinger, <i>V. P.</i> ...	D. M. Kirkbride.
"	Bank of El Dorado, El Dorado.	F. D. Denlinger, <i>Cas.</i>	H. M. Denlinger.
"	Citizens' National Bank, Fort Scott.	T. T. Parsons, <i>Cas.</i>	N. F. Frazier.
"	First National Bank, Ellsworth.	C. W. Goodlander, <i>V. P.</i> ...	James H. Brown.
"	"	G. W. Katzung, <i>Ass't C.</i>...	.....
"	First National Bank, Larned...	A. N. McLennan, <i>Pr.</i>	Ira W. Phelps.
"	First National Bank, Oberlin...	J. H. Clark, <i>V. P.</i>	A. N. McLennan.
"	First National Bank, Sterling...	T. W. Hail, <i>A. C.</i>.....	.....
"	Harper Co. Nat. B., Anthony...	T. E. Evans, <i>A. C.</i>	John C. Fry.
"	Harper National Bank, Harper.	C. M. France, <i>A. Cas.</i>....	.....
"	"	C. D. Organ, <i>Cas.</i>	J. H. Anderson.
"	"	H. C. Munger, <i>Pr.</i>	Joseph Munger.
"	"	N. H. Grove, <i>V. Pr.</i>	Geo. P. Yoakman.
"	"	L. W. Wilson, <i>Cas.</i>	H. C. Munger.
"	Winfield Nat. Bank, Winfield.	Wm. S. Kenny, <i>V. Pr.</i>....	.....
"	Smith County Nat'l Bank, Smith Centre.	John Hall, <i>V. Pr.</i>....	.....
"	U. S. Nat'l Bank, Atchison....	E. E. Brown, <i>A. Cas.</i>....	.....
"	"	L. A. Wheeler, <i>A. Cas.</i>....	.....
KY....	Citizens' Nat. Bank, Danville...	E. W. Lee, <i>Pr.</i>	M. J. Farris.
"	Clark Co. N. B., Winchester...	James Hodgkin, <i>V. Pr.</i> ...	R. H. Prewitt.
"	N. B. of Somerset, Somerset...	J. M. Richardson, <i>Pr.</i> ...	Andrew Gibson.
ME....	Canal Nat. Bank, Portland....	Geo. C. Peters, <i>Cas.</i>	Benj. C. Somerby.
"	Casco Nat. Bank, Portland....	Stephen R. Small, <i>Pr.</i> ...	I. P. Farrington.
"	Cumberland N. B., Portland...	Wm. H. Moulton, <i>V. Pr.</i>...	.....
"	Kenduskeag N. B., Bangor....	J. S. Wheelwright, <i>Pr.</i> ...	W. B. Hayford.*
"	Manufacturers' N. B., Lewiston.	C. S. Barker, <i>V. Pr.</i>	James Dempsey.
"	Messalonskee N. B., Oakland...	L. D. Emerson, <i>V. Pr.</i>	S. B. Blaisdell.
MD....	Com. & M'm's N.B., Baltimore.	G. A. von Lingen, <i>Pr.</i>	Joseph H. Rieman.
"	Com'l and Far. N. B., Baltimore.	Frank Slingluff, <i>V. Pr.</i> ...	G. A. von Lingen.
"	Nat. Mechanics' B., Baltimore.	John B. Ramsay, <i>Pr.</i>	W. F. Lucas, <i>Pr'tem</i>
"	Second National B., Baltimore.	Chas. C. Homer, <i>V. Pr.</i>...	.....
MASS...	Central National Bank, Boston.	Samuel Carr, Jr., <i>V. P.</i>...	.....
"	Georgetown National Bank, Georgetown.	George H. Carleton, <i>P.</i> ...	H. P. Chaplin.
"	Merrimack Nat. B., Haverhill...	Lewis H. Giles, <i>Cas.</i>	Geo. H. Carleton.
"	Nat. City B'k of Cambridge, Cambridgeport.	John B. Nichols, <i>V. Pr.</i> ...	M. Nichols.
"	Ocean Nat. B., Newburyport...	E. Dresser, <i>Pr.</i>	Geo. T. Gale.
"	Wamesit Nat. Bank, Lowell...	Moses H. Fowler, <i>Pr.</i>	Chas. Lunt.
"	Westminster N. B., Westminster.	H. C. Howe, <i>Pr.</i>	Chas. Whitney.
"	First Nat'l Bank, Webster....	Chas. Nichols, <i>V. P.</i>	W. Cheney.
"	Franklin Co. N. B., Greenfield.	C. M. Nash, <i>A. Cas.</i>....	.....
"	N. B. of Wrentham, Wrentham.	J. H. Sanderson, <i>Pr.</i>	John Sanderson.
"	"	Samuel Warner, <i>Pr.</i>	Otis Carey.

* Deceased.

	<i>Bank and place.</i>	<i>Elected.</i>	<i>In place of</i>
MICH ..	First National Bank, Pontiac.	John D. Norton, <i>Pr.</i>	Chas. Dawson.
" ..	" Northern Nat. B., Big Rapids.	B. S. Tregent, <i>Cas.</i>	John D. Norton.
" ..	" Lowell Nat'l Bank, Lowell.	F. R. Fowler, <i>Cas.</i>	L. S. Baker.
" ..	" ..	Martin N. Hine, <i>Pr.</i>	Chester G. Stone.
MINN...	First National Bank, Crookston.	Wm. Anglim, <i>V. Pr.</i>	K. D. Chase.
" ..	" Merchants' Nat. Bank, Duluth.	A. L. Ordean, <i>Pr.</i>	A. W. Wright.
" ..	" Rochester Nat. B'k, Rochester.	F. S. Haines, <i>A. Cas.</i>.....	.....
" ..	" First Nat'l Bank, Mankato.	L. A. Linder, <i>A. Cas.</i>.....	.....
MISS....	First Nat'l Bank, West Point.	J. J. Stockard, <i>A. C.</i> has resigned.	.....
MO.....	First National Bank, Macon.	S. G. Wilson, <i>Pr.</i>	J. H. Babcock.
" ..	" Greene Co. Nat. B., Springfield.	E. T. Robberson, <i>Pr.</i> ...	C. E. Harwood.
" ..	" First Nat'l Bank, Sedalia.	Phil. E. Chappell, <i>V. Pr.</i>	A. D. Jaynes.
MONT ..	First National Bank, Billings.	Alfred Myers, <i>V. Pr.</i>	P. W. McAdon.
" ..	" National Park Bank, Livingston.	Wm. M. Wright, <i>V. Pr.</i>.....	.....
" ..	" ..	H. L. Burton, <i>Ass't Cas.</i>.....	.....
NEB....	Citizens' Nat. B., Grand Island.	O. A. Abbott, <i>Act'g Pr.</i>	Henry A. Koenig.
" ..	" First Nat'l Bank, Broken Bow.	H. G. Rogers, <i>V. Pr.</i>	B. Lombard, Jr.
" ..	" First National Bank, Fairbury.	E. E. McDowell, <i>A. Cas.</i>.....	.....
" ..	" First National Bank, Tecumseh.	C. Woodley, <i>Pr.</i>	James M. Irwin.
" ..	" ..	A. M. Appelget, <i>V. Pr.</i> ...	J. E. Lamaster.
" ..	" First Nat. B'k, Weeping Water.	B. A. Gibson, <i>V. Pr.</i>...	.....
" ..	" Saunders Co. Nat. B., Wahoo.	Frank Kondele, <i>V. Pr.</i> ...	Chas. Perry.
" ..	" South Omaha National Bank, South Omaha.	N. W. Wells, <i>V. Pr.</i>...	.....
" ..	" ..	H. C. Bostwick, <i>Cas.</i>.....	.....
" ..	" State National Bank, Omaha.	J. T. Robinson, <i>V. Pr.</i>.....	.....
" ..	" ..	A. A. McFadon, <i>Cas.</i>	Wm. M. Carson.
" ..	" First Nat'l Bank, Loup City.	A. E. Charlton, <i>A. C.</i> has resigned.	.....
" ..	" First Nat'l Bank North Platte.	T. J. Foley, <i>Pr.</i>	Jos. H. McConnell.
" ..	" First National Bank, Ord.	P. Mortensen, <i>Pr.</i>	J. H. Bell.
" ..	" ..	Fred. B. Bartlett, <i>A. C.</i>	P. Mortensen.
" ..	" First National Bank, Ponca.	Fay Mattison, <i>V. Pr.</i>.....	.....
" ..	" State Nat'l Bank, Lincoln.	J. J. Imhoff, <i>V. Pr.</i>.....	.....
N. H. ...	First National Bank, Concord.	W. A. Stone, Jr. <i>Ass't C.</i>.....	.....
" ..	" Nat. Granite State B'k, Exeter.	C. E. Byington, <i>Cas.</i>	Warren F. Putnam.
" ..	" Citizens' Nat'l Bank, Tilton.	Enoch G. Philbrick, <i>V. Pr.</i>.....	.....
" ..	" Indian Head N. B., Nashua.	Ira F. Harris, <i>A. Cas.</i>.....	.....
" ..	" N. B. of Lebanon, Lebanon.	C. M. Hildreth, <i>V. Pr.</i> ...	L. C. Pattee.
N. J. ...	Union Nat'l B'k, Frenchtown.	Hugh E. Warford, <i>Pr.</i> ...	D. M. Matthews.
" ..	" Second N. B., Atlantic City.	Benj. H. Brown, <i>V. Pr.</i>.....	.....
N. MEX.	Second National B'k, Santa Fe.	Geo. C. Preston, <i>V. Pr.</i> ...	Wm. Breeden.
N. Y. ...	First Nat. Bank, Franklin.	Edson C. Stewart, <i>A. C.</i>...	.....
" ..	" First National Bank, Hudson.	Lucius Moore, <i>Pr.</i>	Robt. B. Shepard.
" ..	" ..	Isaac N. Collier, <i>V. Pr.</i> ...	M. Martin.
" ..	" First National Bank, Salem.	M. L. Sheldon, <i>Pr.</i>.....	.....
" ..	" ..	T. E. Kenyon, <i>Cas.</i>	M. L. Sheldon.
" ..	" First National Bank, Union Springs.	A. M. Clark, <i>Cas.</i>	M. F. Backus.
" ..	" ..	Geo. B. Backus, <i>Ass't C.</i>	A. M. Clark.
" ..	" National Bank of Castleton.	Frank P. Harder, <i>Pr.</i> ...	P. G. Ten Eyck.
" ..	" ..	Wm. C. Herrick, <i>V. Pr.</i> ...	Frank P. Harder.
" ..	" Nat. Bank & Loan Co., Watertown.	G. C. Sherman, <i>V. Pr.</i>...	.....
" ..	" ..	C. L. Parmelee, <i>Cas.</i>	G. C. Sherman.
" ..	" National State Bank, Troy.	Willard Gay, <i>Pr.</i>	Chas. Warner.*
" ..	" ..	Julius S. Hawley, <i>Cas.</i> ...	Willard Gay.
" ..	" Nat. Union Bank, Kinderhook.	G. S. Collier, <i>V. Pr.</i> ...	B. Van Alstyne.
" ..	" State of N. Y. N. B., Kingston.	C. P. Ridenour, <i>V. Pr.</i> ...	A. Near.
" ..	" Union National Bank, Troy.	Lewis E. Gurley, <i>Pr.</i>	Wm. Gurley.
" ..	" Canajoharie N. B., Canajoharie.	N. S. Brumley, <i>A. Cas.</i>.....	.....
" ..	" City National Bank, Poughkeepsie.	H. A. Nelson, <i>V. Pr.</i> ...	Ezra White.
" ..	" ..	H. L. Taylor, <i>Cas.</i>	H. L. Taylor, <i>A'c'g.</i>
" ..	" First Nat'l B'k, Canandaigua.	M. B. Carson, <i>V. Pr.</i> ...	Henry S. Pierce.
" ..	" First National Bank, Richburgh.	Hiram Dimick, <i>Pr.</i>	John S. Rowley.
" ..	" ..	Wm. J. Richardson, <i>V. Pr.</i> ...	Hiram Dimick.
" ..	" First National Bank, Rome.	John S. Rowley, <i>Cas.</i> ...	Wm. J. Richardson.
" ..	" ..	F. H. Thomas, <i>Pr.</i>	Geo. N. Bissell.
" ..	" ..	N. F. Thomas, <i>Cas.</i>	F. H. Thomas.

* Deceased.

	<i>Bank and Place.</i>	<i>Elected.</i>	<i>In place of</i>
N. Y.	Fort Stanwix Nat'l B'k, Rome.	H. D. Spencer, <i>V. Pr.</i>	J. S. Whaley.
"	Merchants' Nat'l Bank, Albany.	John G. Myers, <i>V. Pr.</i>	.....
"	N. B. of Fayetteville, Fayetteville.	M. L. Peck, <i>V. Pr.</i>	Levi Snell.
N. C.	National Bank of New Berne.	G. H. Roberts, <i>Cas.</i>	G. H. Roberts, <i>Act'g</i>
OHIO.	Delaware Co. N. B., Delaware.	F. H. Avery, <i>A. C.</i>	resigned.
"	First National Bank, Galion.	A. W. Monroe, <i>Cas.</i>	Otho L. Hays.
"	First Nat. Bank, St. Clairsville.	Geo. Brown, <i>Pr.</i>	David Brown.
"	First National Bank, Upper Sandusky.	James G. Roberts, <i>Pr.</i>	Sylvester Watson.
"	Merchant's Nat. B., Cincinnati.	J. A. Maxwell, <i>Cas.</i>	James G. Roberts.
"	Third National B'k, Cincinnati.	Chas. A. Stevens, <i>A. C.</i>	.....
"	Third National Bank, Circleville.	Chas. H. Kellogg Jr., <i>V. P.</i>	J. D. Parker.
"	First National Bank, Warren.	John Groce, <i>Pr.</i>	.....
"	Wayne Co. Nat. B'k, Wooster.	W. G. Jacob, <i>Ass't C.</i>	.....
"	Delphos Nat'l Bank, Delphos.	Wm. R. Stiles, <i>Cas.</i>	John H. McCombs*
"	First Nat'l Bank, Monroeville.	C. S. Frost, <i>Cas.</i>	A. G. Coover.
"	First Nat'l Bank, Norwalk.	E. L. Stallkamp, <i>A. Cas.</i>	.....
"	Merchants' Nat'l Bank, Toledo.	B. W. Salisbury, <i>A. Cas.</i>	.....
"	Milford Nat'l Bank, Milford.	Chas. H. Glaser, <i>A. C.</i>	.....
"	Ohio Valley National Bank, Cincinnati.	M. I. Wilcox, <i>V. Pr.</i>	J. B. Baldy.
"	Peoples' N. B., Wapakoueta.	S. J. Rybolt, <i>V. Pr.</i>	Samuel Bass.
"	Second Nat'l Bank, Xenia.	H. W. Hughes, <i>V. Pr.</i>	B. Bettman.
PENN.	Corn Ex. Nat. B., Philadelphia.	O. H. Tudor, <i>Cas.</i>	Theodore Baur.
"	First National Bank, Connellsville.	J. A. Fritsch, <i>V. Pr.</i>	T. W. Brotherton.
"	First Nat. B'k, Gettysburg.	Eli Millen, <i>Pr.</i>	T. P. Townsley.
"	First National Bank, Glen Rock.	William Johnson, <i>Pr.</i>	Dell Noblit.
"	First National Bank, Indiana.	Jos. M. Kurtz, <i>Cas.</i>	J. S. McCaleb.
"	First Nat. B'k, Punxsutawney.	Eugene T. Norton, <i>A. C.</i>	Jos. M. Kurtz.
"	Independence Nat. Bank, Phila.	Sam'l M. Bushman, <i>Cas.</i>	Sam'l L. Bushman.
"	Kensington N. B., Philadelphia.	E. R. Miller, <i>V. P.</i>	.....
"	First Nat'l Bank, Lancaster.	W. C. Wambaugh, <i>A. C.</i>	.....
"	First Nat'l Bank, Minersville.	A. W. Kimmell, <i>Pr.</i>	Thos. Sutton.
"	Lewisburg National Bank, Lewisburg.	John R. Pantall, <i>V. Pr.</i>	T. Pantall.
"	Manheim Nat'l B'k, Manheim.	Chas. Lennig, <i>Pr.</i>	Peter A. Keller.
"	Metropolitan Nat'l Bank, Pittsburgh.	Robert Dornan, <i>Pr.</i>	W. I. Landell.
"	Second Nat'l Bank, Allegheny.	N. Milton Woods, <i>Pr.</i>	C. B. Grubb.
"	Second National Bank, Titusville.	Jacob Wirst, <i>V. Pr.</i>	.....
R. I.	Fourth Nat. Bank, Providence.	Eli Slifer, <i>Pr.</i>	F. C. Harrison.
TENN.	Bank of Union City.	D. Bright Miller, <i>V. Pr.</i>	.....
"	Brownsville Sav. B., Brownsville.	Henry Arndt, <i>V. Pr.</i>	.....
"	Farmers & Merchants' N. B., Clarksville.	John Runnette, <i>Pr.</i>	David R. McIntire.
"	Mech. Sav. Trust Co., Nashville.	E. L. Clark, <i>V. Pr.</i>	A. F. Keating.
"	Second National B., Columbia.	Geo. Seebick, <i>Cas.</i>	Chas. A. Dravo.
TEXAS.	Citizens' Nat. B'k, Waxahachie.	A. Alston, <i>V. Pr.</i>	James Graham.
"	Citizens' Nat. B., Weatherford.	Louis K. Hyde, <i>V. Pr.</i>	W. C. Hyde.
"	Colorado Nat. Bank, Colorado.	W. C. Hyde, <i>2d V. Pr.</i>	.....
"	Concho Nat. B., San Angelo.	Christopher T. Keith, <i>V. P.</i>	.....
"	First National Bank, Lampasas.	H. L. Elder, <i>Cas.</i>	Geo. G. Bell.
"	First National Bank, Montague.	J. A. Wilder, <i>P.</i>	R. G. Thomas.
"	Red River N. B., Gainesville.	James H. Smith, <i>P.</i>	J. J. Crusman.
"	San Angelo National Bank, San Angelo.	R. Y. Johnson, <i>V. P.</i>	James H. Smith.
"	First Nat'l Bank, Farmersville.	J. B. Richardson, <i>V. P.</i>	J. H. Yarbrough.
"	Merchants' N. B., Fort Worth.	A. D. Anderson, <i>V. P.</i>	R. M. McKay.
"	Memphis Nat'l B'k, Memphis.	J. W. Ferris, <i>P.</i>	W. H. Getzendaner.
		R. W. Kindel, <i>V. Pr.</i>	Chas. Barthold.
		A. Pruitt, <i>Cas.</i>	E. F. Swinney.
		R. B. Talbert, <i>C.</i>	K. B. Talbert, <i>Act'g</i>
		F. R. Malone, <i>Pr.</i>	A. H. Barnes.
		E. M. Longcope, <i>C.</i>	F. R. Malone.
		Selden Duncan, <i>A. C.</i>	E. M. Longcope.
		Wm. C. Turner, <i>Ass't C.</i>	.....
		L. B. Edwards, <i>Cas.</i>	C. R. Smith.
		M. B. Pulliam, <i>P.</i>	R. B. Sanderson.
		Jos. C. Raas, <i>V. P.</i>	Clayton Hale.
		Francis Emerson, <i>V. Pr.</i>	.....
		E. E. Chase, <i>V. Pr.</i>	.....
		H. M. Neely, <i>V. Pr.</i>	.....

* Deceased.

	<i>Bank and Place.</i>	<i>Elected</i>	<i>In place of</i>
TEXAS..	Mer. and Plant. N. B., Sherman.	C. B. Dorchester, C.	C. B. Dorchester, A.
" ..	National Exchange Bank, Dallas.	W. H. Gaston, <i>V. Pr.</i> .....	.....
" ..	State Nat'l Bank, Fort Worth.	Royal H. Ferris, <i>ad V. P.</i> .....	.....
" ..		John H. Gaston, <i>A. Cas.</i> .....	.....
VA.....	People's N. B., Lynchburg....	John C. Harrison, C.	J. C. Harrison, <i>A'g.</i>
VT.....	Vermont N. B., Brattleboro....	G. T. Lavinder, <i>A. Cas.</i>	J. C. Williams.
" ..	Caledonia National Bank, Danville.	Geo. C. Averill, <i>Cas.</i>	G. C. Merrill.
" ..	N. B. of Newbury, Wells River.	John A. Farrington, <i>Pr.</i>	J. W. Simpson.
" ..	Northfield N. B., Northfield...	Geo. V. Davis, <i>V. Pr.</i>	J. A. Farrington.
" ..		F. Deming, <i>V. Pr.</i> .....	.....
" ..		H. R. Brown, <i>A. C.</i> has resigned.	.....
W. TER.	First Nat'l Bank, Olympia.	Frank I. Blodgett, <i>A. C.</i> .....	.....
WIS....	First National Bank, Kenosha.	L. G. Merrill, <i>V. P.</i>	U. Newman.
" ..	Rock County National Bank, Janesville.	G. M. Simmons, <i>Cas.</i>	L. G. Merrill.
" ..		W. P. Robinson, <i>Ass't C.</i> .....	.....
" ..	First National Bank, Mineral Point.	C. S. Jackman, <i>Pr.</i>	B. B. Eldredge.
" ..		B. B. Eldredge, <i>V. P.</i>	C. S. Jackman.
" ..		Jno. H. Vivian, <i>Pr.</i>	Alex. Wilson.
" ..		W. A. Jones, <i>V. Pr.</i>	Jno. H. Vivian.
" ..		Phil Allen, Jr., <i>Cas.</i>	W. A. Jones.
WYO. .	Albany Co. N. B., Laramie City.	W. A. Jones.	.....
		J. J. Strode, <i>V. Pr.</i> .....	.....

CHANGES, DISSOLUTIONS, ETC.

(Monthly List, continued from February No., page 634.)

CAL....	Independence...	Harris & Rhine; now Nathan Rhine.
DAK....	Yankton.....	Yankton Bank (Edmunds, Hudson & Co.); now Edmunds & Sons, proprietors.
GA....	Gainesville.....	Palmour & Telford; now Palmour & Castleberry.
ILL....	Hopedale.....	Hopedale Bank (Hobart & Orendorff); now W. H. Schulte, proprietor.
KAN....	El Dorado... ..	Bank of El Dorado (Ellet & Frazier); now Clancy & Son, proprietors.
" ..	Glen Elder.....	Citizens Bank; succeeded by Bank of Glen Elder.
" ..	Howard.....	Lambert's Bank; succeeded by Howard's State Bank.
" ..	Smith Centre...	Smith County Bank; now Smith County National Bank.
MICH...	Mendon.....	Osgood, Fletcher & Co.; succeeded by Osgood Bros.
MINN...	Eyota... ..	A. B. Blair; succeeded by C. R. Blair.
MO....	Sturgeon.....	Sturgeon Bank; succeeded by Sturgeon Exchange Bank.
NEB....	Hartington.....	Bow Valley Bank; now Hartington State Bank.
" ..	Tobias.....	Bank of Tobias; now State Bank of Tobias, same officers.
N. Y....	Sodus.....	A. S. Barnes has gone out of business at Sodus and William-son, this State.
N. C....	Statesville.....	Cooper & Brown merged into First National Bank.
OHIO...	Cincinnati.....	Union National Bank has gone into voluntary liquidation.
S. C. .	Darlington.....	Darlington National Bank has gone into voluntary liquidation.
" ..	Rock Hill.....	W. L. Roddey & Son; now First National Bank.
TEXAS..	Dallas.....	Exchange Bank; now National Exchange Bank.
" ..	Terrell.....	Bivins & Corley sold out to The Harris Bank.
VA.....	Luray.....	Kagey, Rosenberger & Co.; suc. by D. F. Kagey & Co.
WIS....	Mauston.....	Bank of Mauston (P. R. Briggs); now Jeff T. Heath & Co., proprietors.

NOTES ON THE MONEY MARKET.

A FINANCIAL AND COMMERCIAL REVIEW.

The month of February has not been noted for any general improvement in business circles, although, as a rule, it has not been marked by many important reactions except from temporary causes that seem to be already passing away. Among the more important are the following: less favorable conditions of the banks and the money market; a heavy decline in the price of wheat caused by a temporary cessation in export demand, followed by a renewal of Bear raids; an unsettled stock market and a slight reaction in demand for and prices of iron. The changes of a favorable nature have been as follows: improved prospects of peace in Europe as a result of the German elections; increased earnings of American railways; a sharp advance in American hog products; an end of the strikes in New York; a decline in foreign exchange from the gold exporting point; a renewal of export activity in our breadstuffs, and a cessation of European selling of American securities.

Of the unfavorable conditions named, that of the banks has been about the latest, but not the least, to attract attention and cause uneasiness. Notwithstanding the advance in stocks has been comparatively moderate, the banks have increased their loans nearly \$15,000,000 during the month, at the expense of nearly \$11,000,000 loss in their reserve, which has been reduced to nearly the last named amount. That this loss has been due to other causes, as well as speculation, is therefore apparent, of which one is increased demand from the country for spring settlements, and another, the steady withdrawal by the Government of money from circulation, which does not come out again in disbursements, but leaves a large surplus each month to be added to the useless millions locked up in the United States Treasury.

The danger of free exports of gold, so imminent at the beginning of the month, has been escaped for the present, at least after the shipment of about \$1,000,000 early in February, else the condition of the banks would have been still worse by so much as gold exports had exceeded this nominal amount. That such exports would be renewed, has been believed, in quarters that look only at the war and peace prospects in Europe, as effecting the sale and purchase respectively of American securities, and hence, controlling the foreign exchange market. But this is a partial view of the situation, and confined to security or bankers' bills, only, while commercial bills have lately, and probably will for the next three months play a much more important part in the foreign exchange market than either the purchase or sale of American securities. There is a deficit of nearly 100,000,000 bushels of wheat to be drawn largely from the United States, in order to keep Great Britain in bread until another crop. France has a deficit of about 37,000,000 bushels more, beside a considerable one in the Mediterranean and Baltic countries, for which one and all are almost wholly dependent upon this country for the next three months, or until the new crops of the wheat exporting countries in the southern hemisphere are available.

When it is considered that three days' renewed export activity in the New York wheat market at the end of the month supplied commercial bills to the amount of nearly \$1,000,000, it will be seen what an important factor our exports are in making the rates of foreign exchange; and why, with a surplus of 60,000,000 bushels yet, yielding over \$50,000,000 of exchange, to spare Europe, at a price that is likely to be considerably higher, than nearly the lowest on the crop, at which this \$1,000,000 of exchange was made, the prospects of exporting gold this year to the extent we did last year, in March and April, namely, \$14,000,000, are extremely doubtful. This is more uncertain from the fact that a year ago we were exporting very little wheat and less of other staples than this year.

Hence, the fears of renewed stringency in the money market during March and April, such as was seen last December, seem to be without good ground, although it may work closer until the money now going into the South and West finds its way back to New York about the middle of April. As to the prospects of Europe buying or selling our securities as freely as for the past few months, it may also be said that these are doubtful, no matter whether peace or war shall come with spring time.

The large speculative foreign holdings of our railway shares were largely liquidated on the "war scare" of January. Since then Europe has bought more than it has since sold, but the long interest on the other side is much less than it was at the beginning of the year, and actual war would not send home as many of these shares as the January scare did. It was the absorption of those by the New York Stock Exchange cliques, who were compelled to take them to support the market, that has increased our bank loans in good part so heavily during February.

From this it will be seen that the stock market here has fallen into the control of the professional speculators again, who hold the bulk of the floating securities. The public went out of the market or were sent out of it last December, and have not come back. Hence, the recovery in prices during the past month has been the result chiefly of manipulation, since the more peaceful aspect of political affairs on the other side turned the foreign selling into buying early in the month, and started an advance here on the covering of a pretty large short interest. This was helped by the good earnings shown on most of our railways and also by the belief that the Inter-State Commerce Bill would really be a good thing for the railroads.

This new factor, in the control of the railway and transportation systems of the country, will not become effective until April. Yet it is already shaping their management to conformity therewith, and its effect on the stock market has been discounted so far as speculation is concerned, and will probably cease to influence prices, which are not likely to move radically either way until the practical effects of the new *regime* are seen upon the earnings of the roads. For this, no doubt, the investing and speculative public will both wait, as they have been scared out of the market by the cry of wolf, which its authors cannot now recall. Hence, the cliques may have to carry their stocks for three or six months, until the public get over the scare that existed concerning the bill.

With the restoration of confidence in European peace, which turned stocks up, on London, buying back what it sold on the war scare, came the reverse

in the wheat market, and all Europe, which had sold American stocks and bought American wheat in January, turned around and sold out that wheat in February, and started the markets down on both sides the Atlantic by resales of free arrivals of spot wheat on the other, and of long option wheat on this side. This afforded the late Big Bear combination in Chicago, which had been broken up on the advance in wheat and break in stocks last December of which they were short and long respectively, an opportunity to reform and renew their raids on the market, until it yielded again to their control. Their return of success emboldened them, and they kept up an incessant and tremendous attack on the whole line of grain markets until they completely demoralized the Bulls, weakened holders and dragged European markets down with our own to the lowest point for the options, on the crop, in face of the strongest statistical position in years; and the best export demand, though temporarily checked. This state continued until the last week of the month, when Europe came in freely again and took, here and in Chicago, 2,500,000 bushels cash and prompt shipment wheat, which checked these Bear raids and steadied up our markets, in spite of the speculators. The total decline resulting has been over 10 cents per bushel, by which amount the country is poorer, on all the wheat sold and to be sold at this decline, most of which was utterly needless and engineered by Chicago Bears, who have done more to impoverish the agricultural and produce commercial interests of the country in the past two years, needlessly, than all the Bull operators did from 1879 to 1882, to drive away our export trade. As a result there is serious discussion of the immediate necessity of abolishing option dealings for spot, in order to save our legitimate commerce and export trade, as well as our agricultural interests, on which the prosperity of the whole country depends, from the ruin of these gamblers in the necessities of life.

On the other hand, the other great staple food products—provisions—have been bulled by these same Chicago speculators as much above an export and legitimate basis, at the same time, as they have depressed breadstuffs below. The result has been to unsettle and demoralize both markets and drive the public as well as exporters out of them, until Europe had to buy our wheat for immediate wants.

These markets are therefore in the hands of the cliques, like that for stocks. Yet their prospects are better, for wheat is again moving out freely, and a shorter supply of hogs, due to prevalence of cholera, was the basis of the speculation in pork, as home demand is large and stocks moderate.

So soon, therefore, as the corner shall have culminated, as it appeared about to do on the last day of the month, and prices fall back to a normal basis again, this great trade will probably become more active, because legitimate demand, which has been holding off until the speculative is filled, will come in more freely for stocks to replace exhausted supplies. The advance in mess pork was from \$8.75 last fall, to \$19.10 for May delivery in Chicago, on February 28, from which it broke \$2.10 at the close of that day, after being advanced \$2.80 during the regular board. Up to \$15 this advance was regarded as legitimate, and beyond that a pure gamble in wheat. Ream and Jones, of Chicago, were said to have the deal, and the Bucket Shops throughout the West to be short of the market from \$12 up to \$15. The

running of this corner had the effect to stop all legitimate business not only, but to demoralize the whole provision trade for the time being.

The lull in the activity and strength of the iron market has partly been due to the troubles in the coal trade caused by the strike and high prices and uncertainty of delivering, which made it dangerous for nearly a month for manufacturers to contract ahead in any line of goods. Meanwhile speculation in iron had run the price up to a point where foreign competition threatened to repeat the folly and disaster of 1879. Hence the dullness, which is regarded as only temporary, is likely to prove a benefit in calling the speculators back to their senses before they lose their market under an avalanche of foreign iron. Other manufacturing interests were also affected by the strikes, as they were unable for some time to get coal. But they are now generally running again, and meantime goods have had time to work off a little. But retail as well as wholesale trade and exports were seriously curtailed by the strikes, and have not yet recovered from its effects.

But all are fast resuming their natural course again as well as the coal trade, and by the end of March it is probable all the perceptible effects of the great strike will have disappeared. Of itself it was a failure, and it was not a victory for either side, but one result seems to be a disposition to compromise the late differences to meet such in the future in the same spirit, and when unable to agree, submit to arbitration. In this respect the labor troubles of the past year seem more likely to do good than ill, as they will lead to the avoidance of such bitter and ruinous contests in the future, and more friendly relations of employer and employed, whose true interests are mutual. Hence the labor outlook for the coming year is better than a year ago and the business prospect that much improved.

Other interests and markets have not shown much change or many new features of interest, except coffees, in which the bull speculation is dying out, while cotton is dragging along on a good export and consumptive basis, void of speculation, except by a few professionals in the trade.

Petroleum, however, has declined under the increased production promised by an important new field 30 to 40 miles south of Toledo, in which some large wells have been opened during the month, that equal any of the "gushers" of the old belt in Pennsylvania. These discoveries extend the oil belt further west than before, in magnitude, as the Macksburg Ohio fields have not proved equal to the old Pennsylvania fields. Oil is now down to 60 cents practically, and 50 cents is again talked of for the first time since the Cherry Creek pool was discovered.

DEATHS.

FARWELL.—On February 24, aged eighty-three years, GEORGE M. FARWELL, President of Claremont National Bank, Claremont, N. H.

HAYFORD.—On February 7, aged fifty-nine years, WILLIAM B. HAYFORD, President of Kenduskeag National Bank, Bangor, Me.

HOGARTH.—On September 18, 1886, JOHN P. HOGARTH, National Bank Examiner of Detroit District, at Monroe, Mich.

MARSH.—On January 14, aged seventy-five years, JOHN MARSH, Cashier of Citizens National Bank, Muncie, Ind.

PALMER.—On February 27, aged seventy-five years, NICHOLAS F. PALMER, formerly President of Leather Manufacturers' National Bank, New York City.

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GOVERNMENT EXPENDITURES.

The work of Congress is ended and we all know for what purposes money has been appropriated for the next fiscal year. At one time there were pretty strong indications of large expenditures in new directions for the national defense and for additional rewards to those who had engaged in the civil war. The President by his timely veto checked one of these items of appropriation and perhaps lack of time to legislate properly may be regarded as the cause for the failure of the other.

We are no believers in an excessively narrow economy. On the other hand, the Government may expend very much more largely than at present in some ways, to the obvious advantage of the people. Our contention, however, is that Congressmen, for one reason and another, seem not to look much beyond old modes of expenditure, and in short, too often are thinking quite as much of the effect of their work on their political future as the effect of it on the people. The large surplus in the Treasury led mainly to two inquiries during the session. First, how could the income in the future be reduced? and, secondly, how could the money collected be spent? Having failed utterly in finding a way for reducing the revenue, the members of Congress then turned their attention to spending it, and with what success we all know.

We have all along maintained that the present monthly surplus is not likely to be continued for a considerable period, and, therefore, the first question will not have much of a place very long, in our judgment, among the pressing questions of the day. The

reasons for this opinion, it seems to us, should be clearly enough seen by all thinking persons. From what sources does our abundant revenue come? Largely from imports. This is due to a temporary demand for an additional supply of commodities which cannot be produced at home. On the other hand, the American manufacturer is rapidly increasing his plant, and will soon overcome the additional demand. Than this, nothing is more certain. The iron and steel manufacturers are enlarging in various ways, and in a few months the capacity for making steel rails and other products will be quite equal to the entire demand of the country. Moreover, there is every reason to believe that the present wave of prosperity, like the preceding ones, will be short lived, like an Arctic summer, to be succeeded by a long and dreary Arctic winter. From both of these causes our imports will enormously diminish and our surplus will melt away. The people should think of these things and not act so suddenly in reducing a revenue which, once impaired, cannot be so easily restored.

Turning to the question of expenditure, while we think Congress acted without much thought in appropriating large sums for one object and another, we do believe that very considerable amounts could be appropriated in new ways to the obvious public advantage. Perhaps one of the most popular of the special appropriations is for public buildings in various places. Some of these appropriations have been severely condemned, as they ought to be, and we think the President did right in his vetoes of these bills during the last session; but, if Congressmen were a little less ambitious in this regard, and called for more modest sums to be expended in the erection of such buildings in the smaller places—fifty thousand or a hundred thousand dollars, instead of a quarter or half a million—we have no doubt that the people generally would approve of the construction of many more buildings. But there has been, indeed, too often, an unwise outlay of money in this manner. Let these sums be smaller and divided among a much larger number of buildings, and the public policy in regard to this mode of expenditure would receive hearty approval.

Another source of expenditure is for rivers and harbors. This is justified on the ground of public need. Of course, as we all know, a great deal of this money is wholly wasted, except so far as it furnishes employment to those engaged in the so-called improvements. Now if, instead of appropriating the money in this way, to make rivers and harbors out of dry land, it were expended in building public roads over the country, what a very different result would follow. At present, the ordinary country highway is a very poor affair, and many millions might be absorbed in this way from which the country would derive the greatest benefit. Possibly there may be a constitutional objection, but if so, this could be removed

in the way prescribed by the instrument itself; and a series of appropriations might be begun for this purpose and continued for a long time with the best results. Certainly the general good would be far better served by thus expending the millions than by continuing the many ridiculous appropriations for improving the so-called rivers and harbors.

Other ways might be pointed out in which the public money could be spent and bring a large return to the people, but this will suffice. It is sufficient for our purpose to say that Congress has shown but very little thought in authorizing expenditure, and one of the greatest reforms needed in that regard, is to require the reporting of the appropriation bills at an earlier day—early enough to permit of their thorough discussion and ventilation both inside and outside Congress. Were this done the people would know far more about these matters than they do. The expenditure of the public money would then be one of the leading questions in Congress, and in a short time the people would become familiar with these matters. At present, by delaying the reports and action thereon until the last moment the people are kept in dense ignorance, to their positive injury.

With respect to the work of Congress as a whole, by the considerate action of the President the final showing as compared with the work of previous sessions is not so bad as it might have been. Of course, thousands of bills were killed or laid over, including many of great merit which ought to have been passed. Some of these are worth mentioning. First are the many bills, complex and simple, to revise and reduce the revenue; bills for a revision of the tariff, bills to extend the free list, bills affecting single articles, bills to reduce internal revenue. As to the administration of the Customs laws there are several important measures; among them are: The Hewitt portion of the Morrison Tariff bill, the Warehouse Reform bill, abolition of unnecessary customs districts, substitution of specific for ad valorem duties, and the regulation of bills of lading. The internal revenue service is the subject of many bills to simplify, improve and reduce the cost of its administration, to improve its warehouse system, regulate the method of taxing fractional parts of a gallon, to establish tobacco export warehouses. The great subjects of coinage and currency, represented on the calendars by innumerable bills, were almost unheard of in either house. There are bills to suspend coinage, for international negotiation, to provide for adequate supply of minor coin, affecting redemptions and recoinage, for the issue of coin certificates, to relieve National banks of present requirements as to bonds and as to circulation tax, for a new basis of circulation, for the amendment of the National banking laws in a score of important particulars, and many others well worthy of earnest con-

sideration. The Bankruptcy bill died with scarcely an effort in its behalf. Then there are the Free Ship bill, Pilotage bill, and further suggestions for revision of the navigation laws. As to the Pacific railroads, the only measure was an investigation resolution; and the Northern Pacific forfeiture, like so many others, goes by default. The repeal of the tax on commercial travelers fails, as does the bill to prevent obstruction of navigable waters, New York Commission bill, New York Appraiser's Stores, bills to grant drawbacks, legislation affecting the important commercial treaties, Mexican, Hawaiian and Canadian reciprocity, inspection of live stock, suppression of pleuro-pneumonia, the proposed reform of the consular service and reduction of fees, etc. Many more important measures entirely neglected could be added to the list. The next Congress, though, can begin where this left off, and it is to be hoped that the Bankrupt bill and several other matters of a kindred nature will early receive the attention which their importance demands. Congress is not unlike many an individual who attends to smaller matters and neglects the greater, but let us hope that this will not always be so, and that the coming Congress will make a better record than the last.

SALE OF GOVERNMENT LANDS.

One of the meritorious acts of Congress was passed in the closing hours and is aimed to prevent the alienation of the public lands to foreigners and railroad companies. The first section provides that "it shall be unlawful for any person or persons not citizens of the United States, or who have not lawfully declared their intention to become such citizens, or for any corporation not created by or under the laws of the United States or of some State or Territory of the United States, to hereafter acquire, hold, or own real estate so hereafter acquired, or any interest therein, in any of the territories of the United States or in the District of Columbia, except such as may be acquired by inheritance or in good faith in the ordinary course of justice in the collection of debts heretofore created." Exception is made in the case of rights secured by treaty. The second section contains similar provisions with regard to any corporation or association more than 20 per cent. of whose stock is owned by aliens. The third section, in some respects the most important part of the act, is as follows:

"No corporation other than those organized for the construction or operation of railways, canals, or turnpikes shall acquire, hold, or own more than 5,000 acres of land in any of the Territories of the United States; and no railroad, canal, or turnpike corporation shall hereafter

acquire, hold, or own lands in any Territory, other than as may be necessary for the proper operation of its railroad, canal, or turnpike, except such lands as may have been granted to it by an Act of Congress; but the prohibition of this section shall not affect the title of any lands now lawfully held by any such corporation."

Foreigners have organized companies which are the purchasers of enormous quantities. Individuals, too, own empires. A Dutch company, so the Committee of Congress showed, owned 4,500,000 acres in New Mexico, the Marquis of Tweeddale held 1,750,000 acres, while the Duke of Sutherland, Sir Edward Reid, Lord Dunmore, the Earl of Dunraven, and several English and Scotch syndicates swelled the total area so held to 20,747,000 acres. The committee might easily have procured a more complete and trustworthy statement, but they were satisfied with this. Many large tracts of public land and land granted to railroads have been acquired by foreign capitalists. These tracts are now, for the most part, used for the raising of cattle, but they will eventually be offered for settlement.

While their bestowal on railroad companies has been to a large degree justified in the past, as an inducement for expending capital in these enterprises, there is no longer any justification for the continuance of this policy. Congress, therefore, has acted wisely in thus keeping the public domain for individual occupiers. It may be that foreigners will be able to make purchases in other names and thus set the law at naught, but it is to be hoped that the government will treat this matter with the importance it deserves and prevent the acquisition of titles in such a manner. A little vigilance would prevent such a nullifying of the law. Possibly, if the Government enacted a law that the title of any portion of the public domain derived through an alien in the future should be an incurable defect, it would have the effect of preventing purchases by foreigners. It is certain, to maintain the safety of our Government, the land should be owned and occupied by the largest possible number; for a landholder, through self-interest, is a conservative person. The inflammatory element among our people is great and needs subduing, and the most effective mode of preventing its spread is to thus reserve the land for the ownership and occupancy of the largest number. Congress have been very slow in enacting this law, but it is to be hoped that its execution will be prompt and effective.

The Government may do a valuable and righteous work in recovering enormous portions of the public lands that have been seized by timber thieves and others and appropriated to private uses. The enormity of this outrage is quite well known through the newspapers and other sources, and prosecutions have been begun from time to time against those engaged in the timber stealing industry, but for some reason not well understood by the public, but doubtless very well understood by those most immediately interested, these prosecutions have come to naught. The iniquity perpetrated is un-

questioned. The ownership of the land is perfectly well known. The fact of stealing the timber is equally clear, and yet for several years the depredations have gone on, and nothing effective has been done in the way of preventing them. Is it not quite time for the Government to turn its attention to prosecutions in this quarter? Uncle Sam is very rich, but his patrimony belongs to all, and will sooner or later be needed by all, and there is neither justice or mercy in permitting a few to plunder the many. The example, too, is bad, and encourages law breaking in other places. No defiance of any law is more open and wanton, and none that more seriously calls for redress.

THE COTTON OIL INDUSTRY.

Within a few years the supply of cotton-seed oil has greatly increased because new ways have been found for using it. One of its uses has long been known, namely, as an adulterant of olive oil. It has been exported to Italy and refined and then imported under another name and sold. As it is a perfectly healthful product there has been less outcry against its use under the false name than would have been the case had it been a deleterious product. There was at one time a curious question with regard to the rate of duty which should be assessed on it. The importer claimed that it should only be rated as cotton-seed oil, inasmuch as it really was that product, while the Government claimed that the importer should pay the olive oil duty. Whatever the product might be chemically, it was known, commercially by the latter name. Whatever errors the Government may commit in interpreting the tariff law, we think that hardly any person will find fault with this ruling; indeed, the importers were so speedily convinced of the unwisdom, to say the least, of contending against the ruling, that they paid the higher rate, if not with cheerfulness, at least without further opposition, knowing well enough, as the Government officers also knew, that they would get their money back again whenever their importation was sold.

But its uses have extended in two or three notable ways. One is in the manufacture of lard. It is said that some of the principal manufacturers use from 20 to 25 per cent. of cotton-seed oil as an adulterant. Enormous quantities are also used in the manufacture of cheese. Indeed, so much is thus used that the quality of our American cheese has become impaired in foreign estimation, and it is said the decline in our exports of this article is due largely to this cause. Large quantities are used in the South and Southwest in cooking. The soapmakers are also using large quantities of it, and so through these combined uses the quantity consumed has become very great.

Until within a few months cotton-seed oil was manufactured by numerous mills in the South; but a few enterprising gentlemen, who are said to be the leading spirits in the Standard Oil Co., conspired together to buy these mills, and put them into one huge company and conduct the whole business, and thus put an end, of course, to further competition in its production. A company was formed called the American Cotton Oil Trust, and as nearly as we can learn it was expected that \$10,000,000 would be required to purchase the various mill properties. The par value of the concern, however, was fixed at \$35,000,000. It was supposed that the business would pay, as conducted by Standard Oil methods, a fair dividend on this latter sum, and considering that \$25,000,000 of it would be pure water, the gain would be a very modest one. Indeed, the thing has the stamp of Standard Oil in every respect. The plan of operation was to sell the oil at about the old figure, but to pay the owner of the seed whatever it pleased the Trust; about fifty per cent. of the former price. In other words, utilizing the Standard Oil experience, the consumer was not to suffer particularly, but the producers were to be ground to powder. This is perhaps a more enlightened mode of running a monopoly, because so long as the consumers think that they are fairly treated, they have not enough love for the producers to think it worth while to fight their battles, while the latter thus left to themselves are hardly able to cope effectively with the company and the consuming public. The Standard Oil Company have found out that, so long as they sell oil at a fair rate, and they have certainly done so, they could easily squeeze the producers pretty dry with a very great degree of safety, and this experiment was to be repeated in this new field. It seems, however, that not content with grasping the oil business, but also learning that there was a good deal of money in making pure lard out of cotton-seed oil, they proposed also to go into the lard business. They, therefore, made an offer to Mr. Armour, perhaps the largest manufacturer of the article in this country, to purchase his plant and business. Unwilling to sell to the company and unwilling to pay tribute to the Oil Trust, he has concluded to embark in the business of producing oil itself, so a new series of mills are to be built in the South to produce the oil, which we suppose will be used by Mr. Armour in the manufacture of pure lard. This is somewhat discouraging to the Oil Trust. We cannot say that it is particularly encouraging to the consuming public. It would seem, however, that the cotton-seed growers are the class who are the most likely to be benefited by this new series of mills. One consequence is, though, the public are having a pretty large flood of light thrown on the nature of lard on the one hand, and also are learning about the nature of the Cotton Oil Trust on the other. The company do not seem to succeed in getting their stock listed, and are therefore a little troubled to palm it off on

the innocent and unsuspecting public, and it is possible that this may prove to be one of the few schemes which will not net the ingenious contrivers as many millions as they expected to realize in the beginning.

We have written this article because it is evident that the scheme as well as its new rival, and the use of cotton-seed oil as an adulterant—all these matters need full ventilation. Indeed, the people are suffering in many ways from adulterations against which they could to a considerable degree protect themselves by a very little thought and effort. It is in the line of good morals as well as good health to wage a vigilant war, not only against oleomargarine sold under the name of butter, but every other thing that is branded with a false name. The people are not helped by supporting shams, and this is one of the kind of shams which for every reason should be exposed and destroyed.

STATE EXPENDITURES.

There is a very healthy agitation concerning municipal and State expenditures. Probably this would have been done long ago except that the people were so generally prosperous that they thought but little about taxes. As, however, the great profits melt away, tax bills become more serious, and at last the people are beginning to find out what taxation means. So long as it did not mean deprivation of anything wanted, nor was a hindrance to business prosperity, the people cared but little, but now that the payment of taxes means the foregoing of something that is wanted, or the diminution of dividends, or possibly in close times a positive loss in conducting a business, taxes are beginning to be serious things. Consequently, there is a very healthy ferment in the community concerning the whole subject of taxation and expenditures.

Comptroller Chapin, of New York, has lately furnished some information on this subject to the New York State Legislature now in session—the number and cost of the offices and commissions that have been created by the Legislature in the last fifteen years. He shows that they number twenty-four, and have already cost nearly \$2,000,000, their expense for the last fiscal year amounting to nearly half a million dollars. He suggests that some of these be consolidated and the duties of others be transferred, and reminds the Senate that the practice of creating new offices and increasing public expenses seems to be quite as enticing now as during the fifteen years past. He also directs attention to the unnecessary cost of investigations which are undertaken during every session of the Legislature. Since 1880 the cost of the State Government outside the regular de-

partments established by the Constitution has been increasing at the rate of \$120,000 a year. Mr. Chapin plainly intimates that this constant increase of public expenses is due to the fact that the Legislature is too frequently in a state of unrestrained activity and expresses his conviction that "the subject of biennial sessions of the Legislature in place of annual sessions would check many prevalent tendencies of dubious or evil import, and would neither interfere with any valuable purpose, nor damage any legitimate private interest."

Similar inquiries might be conducted elsewhere with obvious advantage. What the people need to-day is more knowledge on the subject of public expenditure. Investigations regarding it are productive of much good, because through the press the information becomes diffused and all learn about the way the public money goes. No better piece of work can be done by any State than a plain and minute setting forth of all the public expenditures in such a manner that the people can understand them. This might be done not on one single occasion, but statements from time to time of the various expenditures until the entire field was covered. Were this done the information gained would be of no little value.

TRADE DOLLARS.

It would seem that the last act in the trade dollar business had been played. A law has finally been passed for redeeming them, and in a few months they will forever disappear. It is pretty difficult to reconcile this act of the President with his manly and wise opposition to the increase of silver coinage. On the other hand, there was a pretty serious moral wrong inflicted in view of the legislation on this subject in not taking these dollars as an equivalent of the other. Congress, through the presidential sanction, has corrected one wrong and perpetrated another, but rightly or wrongly the dollars are going into the treasury and will be recoined in due time. The law provides that defaced coin shall not be redeemed, and it was asserted that most of those that had been exported were so marked as to prevent their redemption under the law. It is now discovered, however, that the marks of defacement have been generally with India ink, which can be easily removed, and thus the country will be treated to an extra coinage for pretty nearly the full amount of dollars that were coined.

FINANCIAL FACTS AND OPINIONS.

The exports from the port of San Francisco by sea, for the month of February were valued at \$1,926,727, consisting of the following named merchandise and products:

Wheat, centals.....	429,657		
Flour, barrels.....	83,719		
Barley, centals.....	9,500		
Quicksilver, flasks.....	508		
Salmon, cases.....	16,474	value	\$80,846
Wine, gallons.....	104,793	"	50,400

Additional there was exported the sum of \$1,456,167 in gold and silver.

The foreign commerce of Japan has steadily increased during the last eighteen years. From 1868 to 1885, inclusive, the excess of imports over exports was above 51,000,000 yen. But in six of the eighteen years the exports exceeded the imports, namely, in 1868, 1876, and 1882 to 1885 inclusive. The excess of exports over imports during the last four years averaged about seven million yen a year. The increase of commerce is considerable. The exports were valued at 13,000,000 yen in 1869, while in 1885 they had risen to 36,000,000. At no time since 1882 have the exports fallen below 30,000,000 yen. Beginning with imports valued at about 10,000,000 yen in 1868 they increased to 36,000,000 in 1880, but fell to less than 29,000,000 last year. The statesmen of Japan are apparently learning that it is generally wiser to sell as much as or more than they buy abroad. They are, in fact, learning many things within a generation, which other nations have only learned after severe and prolonged experiment. The drain upon the current money of the empire from 1872 to 1881 inclusive, was measured by an excess of exports of specie over imports amounting to 70,000,000. It is of course true that some portion of this excess was due to purchases of improved appliances, and to betterments. The tide turned in 1882, since which year the specie imports have exceeded the exports annually. Of raw silks Japan exported upward of 13,000,000 yen in value against less than half that value in 1868. As respects reciprocal trade between the United States and Japan, that country sent to us products valued at about 15,000,000 yen and purchased of us products valued at about 3,000,000 yen, one-half of which was kerosene.

The total trade of the Australasian Colonies is said to be \$600,000,000 per annum. The value of exports in 1883 was \$278,597,790, while that of imports was \$307,851,655. No publication embracing the

total trade of the colonies has been made from that date to the present time, but the volume is understood to have increased considerably. The bulk of the trade of these colonies is absorbed by England, but it is somewhat encouraging to know that this country ranks next to England, and, in fact, enjoys a trade with those distant colonies nearly equal to that of all other foreign countries combined. Our exports to New South Wales in 1884 reached a value of \$4,773,325, while our imports from that colony were valued at \$1,833,660. There is but one way to increase our share of the Australasian trade. We must have more ships and faster, but we cannot expect to rival England for some years to come, if ever, since its merchants maintain two lines of fast steamers, aggregating sixty-two in number, ranging from 1,200 to 5,000 tons burden each. The colonies pay eleven of these vessels a subsidy of \$425,000 per annum for carrying the mails.

The disbursements on account of interest during the first week in March, and the redemption of called bonds by the Government, unlocked the considerable sum of \$16,699,500, supposing the called 3 per cents. falling due March 1 to have been generally presented. The railways paid out about \$14,000,000 in interest and dividends, and the quarterly pension payments must have reached \$4,000,000. Of these disbursements only the payment of called bonds and the interest on the 4½s measurably affected the loan market. The influence of pension payments, being diffused through a greater period of time, cannot be fully estimated. But as such payments contribute to the demands of the day of settlement their influence must be considerable. The usual effect of such concurring disbursements is to steady the loan market.

The union of gas and electric lighting under one control is beginning to be advocated as a measure of true economy. One of the arguments for the union of the systems is, that householders must have gas in their houses, even if they have electric lighting, so that in case of accident to the latter the means of illumination shall not fail. The cost of gas to consumers has steadily decreased for several years, while the quality has not deteriorated. This cheapening of gas, it is said, is due to improved and cheaper modes of production. By the advocates of the merging of the systems under one control it is believed that a saving of from 33 to 50 per cent. can be effected.

The Pennsylvania Railroad statement shows that 1886 was the best year it has had since 1883. Its gross earnings reached the enormous sum of \$101,697,981, an increase of \$8,703,432 over the gross earnings of the system in 1885. As showing the magnitude of the operations

of the Pennsylvania Company its gross earnings were about one-eighth of the total of the entire railroad system of the country. The net earnings of this road and its confederated lines were \$34,595,266, which is estimated to be about one-ninth of the total net earnings of all the roads in the country. Some idea of the magnitude of the traffic may be gained from the freight moved on the lines east of Pittsburgh in 1886, which amounted to 64,500,000 tons, an increase of about 4,250,000 tons over 1885. West of Pittsburgh the freight handled amounted to 32,297,431 tons, making a total of about 96,750,000 tons, round numbers, moved on the eastern and western divisions of the system. The increase of freightage during the last four years was 17,000,000 tons. Upward of 48,000,000 passengers were carried on the lines east of Pittsburgh and 12,350,940 on the lines west of that point. The increase of passenger traffic since 1882 is 14,500,000. To give some idea of the miles of road operated by the company it appears that the passenger traffic equaled 902,500,000 passengers carried one mile east of Pittsburgh, and 1,229,250,000 passengers were moved one mile over the entire system. As regards the movement of freight the company moved 8,690,844,488 tons over one mile.

The marketing of cotton for the six months of the cotton year, ending March 1, was greater by 303,163 bales than during the corresponding period of 1885-86. Of the total received at the seaboard during this period—4,804,751 bales—3,453,125 bales were exported to Great Britain and the Continent. Of this Great Britain received 2,151,116, France 441,574, and other continental countries 800,435 bales. There remained in stock 851,870 bales. The net shipments over land amounted to 623,233 bales, and these added to the receipts at the ports, make the aggregate receipts 5,427,984 bales. To this again must be added the consumption of cotton at the South, 250,000 bales, and we have a grand total of 5,677,984 bales. The northern manufacturers took 1,246,690 bales. The home market, therefore, took 1,496,690 bales of the entire crop in sight March 1. There was a slight decrease in the average weight as compared with last year. The price of low middling upland cotton in New York during February averaged 9 cents.

There was a decrease of the amount of cotton taken by northern spinners during the six months ending March 1, as compared with that taken during the corresponding period in 1885-86. The decrease was, in round numbers, 84,000 bales. The prices of print cloths, which were firm for the first sixteen days of February, fell off several points from that time to the end of the month. But prices ruled higher for such goods than in 1885-86.

The exports from India (all ports) from January 1 to the end of the first week in March was 282,000 bales against 261,500 bales

for the same period in 1886. The exports from Egypt to Europe for the six months of the cotton year ending March 1 were 335,000 against 313,000 bales for the corresponding six months of 1885-86.

The New Zealand Shipping Company has had built for the trade between New Zealand ports and London five large steamers of over four thousand tons burden each. These ships have been subsidized by the New Zealand Government, and are expected to make the passage between Auckland and Plymouth in about forty-five days. The French Government maintains a fleet of seven large steamers between Marseilles and the Australasian Colonies. These ships receive a subsidy of \$638,511 per annum for a period of 15 years. Germany maintains another heavily subsidized line from its ports to the same quarter of the world. An American largely interested in the coal mines of New South Wales has proposed to establish a fast line of steamers between San Francisco and Sydney for weekly service. His proposition is for steamers of 5,000 tons capable of 16 knots an hour. If such a line can carry the mails at the usual compensation he thinks no subsidy will be needed. He proposes strong, first rate ships, plainly fitted, good food and plenty of it, with moderate charges for passengers and freight. At 52 round trips per year he estimates the earnings of eight ships at \$2,860,000 per annum.

American preserved meats are now placed on the English market at prices so low that we may be said to have no formidable competitor in this branch of trade. There was, however, a heavy falling off in the quantity marketed in 1886 as compared with 1885, and in this falling off Australia and New Zealand suffered more heavily than the United States. The imports from these three points for two years were as follows:

	1885.	1886.
United States, cases.....	198,896	51,060
Australia, "	209,276	51,352
New Zealand, "	74,180	17,594

This shows a remarkable decrease all around, but this country seems to have suffered least, proportionally, by the contraction.

The total cotton supply for Europe is estimated at 2,909,054,000 pounds for the current year, of which this country is expected to furnish 1,956,500,000 pounds, against one thousand million pounds from all other sources. This estimate exceeds the imports of 1886 by 327,000 bales. The estimate is increased beyond the supply taken in 1886 on the basis of the increased demand since the incoming of the year. Supply and demand are said to be very nearly equal, and this is believed to favor steadiness in prices.

The decline in the price of copper since 1882 is most remarkable, the aggregate decrease amounting to about \$130 per ton in the markets of Europe. The *Economist* attributes this serious decline to the discoveries of copper in Montana and the injudicious rush upon the market of the product. The charge is that the export of copper from this country was last year, as well as for several years prior without reference to the effectual demand, and the sales without reference to the laws of trade. In consequence of this proceeding the stock of copper in England and France has been augmented 56 per cent., while the consumption of the metal has decreased 14,000 tons below the average for two years previous. The suspension of work at some of the more productive mines in this country has enabled the holders of surplus stocks to reduce them somewhat, but consumers abroad have become cautious in buying—taking only what is necessary to supply present demands.

The Trade Depression Commission, which has been investigating the causes of trade depression in England, has made its report and finds that the principal object to be arrived at is "the cheapening of the cost of production," so far as that can be done and not involve the deterioration of quality and workmanship. The failure of British producers to keep their grip upon the markets of the world is attributed to the sharpness of the competitive struggle. The hope of maintaining the lead among manufacturing nations is discouraged, the lead heretofore maintained having been due largely to causes which no longer dominate. Yet if the chief object to be striven for is "the cheapening of production," the Commission in its report is strangely silent about the means by which production is to be cheapened. As wages constitute upwards of seventy per cent. of the cost of production of most staples, it is not clear how production is to be cheapened without working a permanent decrease of wage rates. Machinery has done much, and may do yet more to reduce the cost of production, but the limit must be somewhere, and it may be placed where human judgment begins and cannot be dispensed with. Were it true that cheapness and prosperity always meant the same thing a reason why the struggle should be to cheapen production would appear. But all experience shows that those terms are not synonymous, and the inference is that the Commission sees no remedy for depression save in sacrificing everything to maintain successful competition.

The outturn of pig iron for the first quarter of 1887 is now said to exceed that of the same period of 1886 about forty-five per cent. This estimate is based on the increased capacity for production. Upwards of eighty furnaces went into blast in March in addition to those in blast during January and February. This is estimated to increase

the capacity about forty-two thousand tons, weekly. The March product is not yet stated, but the product of the first two months of the quarter is given as 1,100,000 gross tons. It is thought that furnaces in blast have been worked up to very nearly their full capacity.

Sir Lowthian Bell, in an article in the *Fortnightly Review* on the iron and steel industries of Great Britain and the United States, concludes that with all our manifest advantages for producing iron and steel we have disadvantages which operate to keep us second to that country in the world's markets. Among these disadvantages are reckoned the distance of our great iron centers from the seaboard and the distance between the mines and fuel. He admits that in Alabama, Georgia, and Tennessee, the iron ore and the coal fields are in such proximity that the cost of bringing them together will not exceed that in the most favorable British districts. Yet the distance of the mines from the seaboard is so great that these favored districts can hardly hope to compete for the world's trade with England, which can load the product directly from the furnaces into ships of large burden. Sir Lowthian falls into a singular error in alluding to the rate of wages paid in this country. He says that higher wages are offered here to encourage immigration. Had he said that higher wages do encourage immigration he would have hit the mark, though that would have been only uttering a truism. But wages here are subject to the operation of the law of demand and supply, in chief part. It is because we have a vast area for the spread of enterprise, and because we have carried our standard far afield, that wages are maintained at a high pitch. Any effort to artificially stimulate wages must always fail in the long run in a country where the field of choice is so illimitable. So, also, any effort to depress wages without regard to the law of demand and supply must fail. We have too much elbow-room to enable our chiefs of enterprise to juggle with the wage rate, even if they wanted to do that. Of course the high wages we pay work to the increase of the cost of production, and so to give cheap labor products the markets of the world.

The British Vice-Consul at Santiago reports that a vast field for the profitable employment of British capital exists in Chili. As his reasons seem to be good, they may prove suggestive to American capitalists, who will be glad to know from so close an observer that the Chilians naturally prefer American plows, hardware, and sewing cottons to any goods yet sent there by British merchants. The Vice-Consul, however, says that English goods are superior to those preferred by the natives, and that the way to command that market is to send what the people want, that is to say, goods of inferior quality. Of course this is not very sound reasoning, but his reports of the

advantages afforded to manufacturing enterprise by abundant water power are certainly worthy of consideration. There is but a single woolen factory and not one cotton factory in Chili. Yet cotton is indigenous, and the country is favorable to wool growing. The raw cotton is sent abroad to be manufactured and returned for the use of the inhabitants. As the Government grants special privileges to manufacturing enterprises, it seems to be worth while to direct attention to this field for the employment of capital. Were Chili to make its own cotton goods it might interfere with the carrying trade, but as Chili must continue under the yoke of the middleman until its people learn to employ the resources at command for the achievement of industrial independence, a few enterprising Americans might earn the gratitude of the Chilians and at the same time put money in their purses.

The Economist suggestively comments upon the tenders for the new Queensland loan opened at the Bank of England February 19. The proffer was for two and a half million sterling at 4 per cent. and the tenders were for but little more than that amount at an average of 10d above par. The fact that a proposal for a loan of a million and a half a year ago, by the same Government, was rather more than twice covered at an average of rather more than £5 premium per £100 stock, is cited to show that the "heavy borrowing" of the Australasian Colonies is viewed with suspicion by the home public. The total borrowings in London by India and the colonies referred to, in 1886 amounted to about one hundred million dollars. This sum was exceeded in 1885 by more than ten million dollars. New South Wales was the heaviest borrower, and West Australia enjoyed the distinction of not borrowing at all. The colonies, including India, sold 4 per cent. less to British merchants than in 1885 and purchased 3 per cent. less of English goods. The decrease, however, is regarded as due to low prices rather than to any diminution in the quantity bought and sold. The improvement in trade, comparing 1886 with 1885, is credited chiefly to India and the United States, the exports to each country showing a large increase over the same in 1885.

The commercial history of 1886 for the United Kingdom, furnished by the *Economist*, is full of interesting facts and suggestive deductions. As compared with 1885, the total clearings of the London Clearing House (stock exchange and consols pay-days not included) in 1886, were greater by £113,000,000. The fact is noted that 1886 is the first year for a long time past in which prices ranged higher at its close than at its beginning. The index numbers representing the combined prices of twenty-two leading commodities show that prices rose thirty-six points on an average of 2023 in July, and stood at 2059 in January, 1887. This is accepted as an indication that prices have, as a rule, touched bottom, and that the general

movement will be upward. Of course, this belief will operate to give greater confidence and thus stimulate trade. The increase of the revenues from customs is regarded as an indication of augmented purchasing power. The increase of savings as shown by the reports of savings banks is £3,707,501 over 1885. But as of this increase £2,346,000 is credited to interest, and only £1,361,000 to new deposits, and the increase of the latter in 1886 over those for 1885 was only £350,000, these figures lose some of their significance considered in their bearing on trade.

The difference between the highest and lowest prices of silver during 1886 (London) was five pence per ounce fine. The year opened with silver at 47 pence, declined to 46¼ pence in April, and stood at 44¼ pence about May 15. In July, the price fell to 42 pence, and the market remained depressed until September. From that time to the close of the year the price appreciated gradually and stood at 46¼ pence December 31. The heavy decline at the middle of the year is attributed to the uncertainty of the future of the market, which influenced English exporters to carry their exchange as far forward as possible. To meet this the Indian banks raised their rates for exchange. The recovery of the market is supposed to be somewhat due to the purchase of silver by the French Government for coinage into dollars for Tonquin. Germany has sold its remainder of bar silver to the Egyptian Government. There seems to be no progress to report as regards the work of the English Commission of Inquiry into the currency. The subject of bimetallism has been written up and talked over very freely, but there appears to be no near prospect of legislation to meet the views of the silver advocates. England, while maintaining a large amount of silver in active circulation seems to be wedded firmly to the single standard. Practically, however, England is a bimetallic country. Theoretically and commercially she abides by the single gold standard, and is not likely to alter at present. English conservatism would secure fixity as regards that.

Of all countries sending wheat to the English market for the years 1884-85-86, the United States showed the greatest percentage of increase. We had, in fact, no formidable competitor except the British East Indies, which send very nearly the same quantity of wheat to England as is sent by our Pacific States. The subjoined statement of the exports of wheat from this country and from India to England will be found interesting. The figures represent hundred weights:

	1884.		1885.		1886.
Atlantic States.....	14,321,320	....	10,171,203	....	13,531,346
Pacific States.....	8,284,810	....	14,107,513	....	11,089,882
Total.....	22,606,130	....	24,278,716	....	24,621,228
Showing an increase of.....			1,672,586	....	342,512
Respectively year by year, and a total increase since 1884 of.....					2,015,098

During the same period the imports of wheat from India were as follows:

	1884.		1885.		1886.
	8,009,909	....	12,101,963	....	11,028,665
Showing an increase in 1885 of			4,092,054		
" Decrease in 1886 of					1,073,298
Net increase from 1884 to 1886					3,018,756

All other countries save Germany, Chili and British North America show a falling off in grain exports to the United Kingdom during the same period.

The export and import of gold forms the subject of an interesting article in the *Stockholder*, which directs attention to the fact that for many years our exports of gold have exceeded our imports during the first six months of the year. This would seem to indicate an adverse balance of trade during the early part of the year, though that does not necessarily follow, since the movement of products and commodities is never constant. A comparative statement of the movement of gold between this country and Europe by periods of six months for six years ending December 31, 1886, shows that January 1 to July 1 of each year, the exports of gold exceeded those for the balance of the calendar year in the sum of \$106,636,023. The imports of gold during the same period show a similar discrepancy by half years. Thus, the imports for the first six months of the period serially, were less than those for the second half of the same years by \$67,220,750. The total exports of gold during the six years referred to were \$141,020,121, but our imports aggregated \$189,167,218, making our net imports of gold from 1881 to December 31, 1886, \$48,149,097. We may reasonably expect an export rather in excess of the import of gold from January to July, though any great crisis in Europe would no doubt operate to suspend the general law referred to. It might be interesting and not profitless to institute a similar comparison between exports and imports of gold by half yearly periods from the year of the determination of the balance of trade to this country. The borrowing rate is so low in London that no excessive drain of gold is likely to embarrass us.

Trade indications, as they may be gathered from Clearing House statements, are encouraging when compared with those of previous years. The clearings outside of New York ought to be regarded as fairly representing the volume of legitimate business. The annual clearings reported outside of New York for the seven years ending December 31, 1886, were as follows:

1880.....	\$11,375,400,000	....	1884.....	\$12,919,136,635
1881.....	13,960,317,317	....	1885.....	13,165,553,274
1882.....	13,794,577,518	....	1886.....	15,248,843,179
1883.....	14,103,559,509	....	

The total clearings for the first six weeks of 1887 were \$4,174,248,746

For the same period in 1886 the clearings were \$4,200,770,784. Though there is an apparent falling off this year it is probably due to stock sales last year. The tone of the market is certainly healthier than it was a year ago, and the volume of trade is increased.

The stocks of provisions at Chicago, on the first of March, as shown by a comparative statement, were somewhat less than they have been at the same period for the last seven years. Their previous lowest point was in 1884, which is accounted for by the stringency at that time. The decrease as compared with 1886, is, in meats, about 47,000,000 pounds, and of lard 25,000,000 pounds. This falling off is no doubt chiefly due to the labor troubles, and the production shows a falling off of about a hundred million pounds. Some idea of the effect of strikes and lockouts may be gained from this statement, but the cost must always be problematical. It is certain that the packers of Chicago have 100,000,000 pounds less of meats and pork to market than they had a year ago. This fact and all that it involves, can be profitably pondered by the hot-headed persons who think that the best way to adjust the relations of cash and labor capital is to cripple both.

THE RELATIONS BETWEEN BANKS AND THEIR DEPOSITORS.*

BANK COLLECTIONS.

We shall now state the principles of law which have been applied to banks when acting as agents in collecting notes, checks and similar instruments. To understand these clearly several distinctions should be kept in sight. The first is that a "collecting agency" is not the same thing as a bank, and different principles have sometimes been applied to such an association than to a bank in making collections. Again, the instruments left for collection are of four kinds, those left by (a) depositors and by (b) non-depositors to be collected by the bank itself, and those left by (c) depositors, and by (d) non-depositors with the bank to be sent by it to a sub-agent for collection. The reasons for applying different principles on some occasions to these four kinds of instruments will appear before concluding this and the following chapter.

As a bank is the agent of the remitter, he must bear the loss resulting from omissions or defalcations of the agent in the line of its duty.† As soon as the note or other instrument is received,

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† *Moore v. Meyer*, 57 Ala., 20.

the correspondent is usually credited for the amount. This, however, is provisional only in anticipation of prompt payment and the crediting can be canceled if the note be dishonored.* But suppose the note is credited as cash, and the sender draws against the amount, does it belong to him? The courts have answered that the title is transferred to the bank, of which it cannot be divested, notwithstanding its right to charge the note back in the event of non-payment.† Said Judge Gardner: "It would be a singular mode of transacting business to give credit for security and allow the funds thus constituted to be drawn against and the drawer at the same time to retain the entire legal or equitable interest in the securities of which the fund was composed." (*Clark v. Merchants' Bank*, 2 N. Y., 380 p. 385; see *Commercial Bank v. Marine Bank*, 3 Keyes, 337 p. 341.)

A firm had been in the habit of indorsing in blank the drafts or checks which were drawn to their order and depositing them in a local bank as money for which they could draw. A check was thus left without instructions and forwarded to the defendant bank for collection. At the same time the local bank asked the other to give credit therefor and to remit in currency for a considerable amount; both things were done. Indeed, after crediting the sender and making a remittance as requested, only a small balance was due to the former. The second bank forwarded the check to Chicago for collection, but before it had been collected the local bank failed. The depositor then telegraphed the Chicago bank to stop payment. The order was regarded and the check was returned to the defendant bank. The depositor claimed to be the owner of the check, and so did the defendant bank which had remitted on the faith of it to the failed institution. The Court decided against the depositor. (*Cody v. City National Bank*, 55 Mich., 379.)

A bank, though, is not the owner until it has advanced the amount or has become responsible for the same. The ownership previous to collection can only be established by a contract expressly proved or inferred from a course of dealing. Such an inference does not flow from the fact that a customer may be a large depositor of money and bills, and constantly drawing drafts against his remittances under an arrangement by which he is allowed interest on his average balances. (*Scott v. Ocean Bank*, 23 N. Y., 289) Says Judge Folger: "If the property in the note without purchase or advance is to vest in an agent or correspondent for collection, he must become absolutely responsible to his principal for the amount. An obligation to become thus responsible can be established only by a contract to be expressly proven or inferred

* *Trinidad Nat. Bank v. Denver Nat. Bank*, 4 Dill, 290.

† *Flannery v. Coates*, 80 Mo., 444; *Ayres v. Bank*, 79 Mo., 421; *Bullens v. Coates*, 1b., 426.

from an unequivocal course of dealing." (*Dickerson v. Wason*, 47 N. Y., 439 p. 442.)* And advances on notes in anticipation of their collection, though not of any particular note, will not transfer their ownership to the collecting bank. (Ib.)*

Nor does a bank become an agent for collecting a note by making it payable there. No power, authority or duty is conferred on the association by drawing it in this manner. (*Hills v. Place*, 48 N. Y., 520.) When such a note is thus left for collection, the bank becomes the agent of the payee to receive payment (*Ward v. Smith*, 7 Wall., 447); when it is not left, whatever the bank receives from the maker to be applied thereon is received, not as the agent of the payee, but of the maker. (Ib.†)

A bank which receives and indorses a note for collection, although a mere agent, is considered the real holder for the purpose of receiving and transmitting notices respecting its non-payment. (*Ogden v. Evans*, 2 Hall, 112; *Mead v. Engs*, 5 Cow., 303; *Warren v. Gilman*, 17 Me., 360; *Freeman's Bank v. Perkins*, 18 Me., 292.) And when a note is indorsed to a cashier and given by him to a notary for protest, these facts are sufficient to show that it was either negotiated to the bank or left there for collection. (*Burnham v. Webster*, 19 Me., 232.)

But an indorsement for collection does not pass the title or render the indorser liable in that capacity. (*Brown v. Hull*, 33 Gratt., 23.) Nor can parol evidence be introduced to show that a restrictive indorsement, for example an indorsement "for collection," was an absolute one. (*Third National Bank v. Clark*, 23 Minn., 263.)

As an indorsement of a note for collection passes no title to the indorsee on his own account, several consequences follow. For example, the maker of a note left money with his bankers directing them to pay it, and by so doing made them his agents for that purpose. They gave him credit for it on their books and sent for and received the note from the holder indorsed to their order for collection. They did not remit the money, and let the note remain uncanceled among their collection paper, and after a time failed. The note was held to be not paid. It had been sent to them for a specific purpose, and no title to it had even passed to them on their own account. They did nothing as agents of the holder.‡

* A bank does not become the *bona fide* holder of a draft remitted by another bank for collection unless it makes subsequent advances thereon or transmits the proceeds. (*McBride v. Farmers & Mechanics' Bank*, 36 N. Y., 450; S. C. 35 Barb., 657; *Arnold v. Clark*, 1 Sand., 491; *West v. American Ex. Bank*, 44 Barb., 175.) A collecting bank is responsible directly to the owner of the paper; it may discharge itself by an actual payment to its correspondent, but not by passing the amount to its credit in general account. (*Ex-parte Clark*, 2 Edm., Sel. Ca., 445.)

† When the real owner of a note delivers it to a bank and authorizes it to collect the proceeds and to apply the same toward payment of his indebtedness to the bank, and it does not receive or credit the note as collateral security, it is merely the agent of such owner. (*Prescott v. Leonard*, 32 Kansas, 142.)

‡ *Sutherland v. First Nat. Bank*, 31 Mich., 270.

Again, when a note is thus indorsed, payment to any other party than the indorsee is no discharge. Thus in *Barnet v. Ringgold*, (80 Ky., 289) the payees of the note in suit indorsed it to a bank "for collection," but by mistake it was sent to the maker, who thus obtained possession without payment. He contended that he received it from an unknown person to whom he paid it. The Court, however, declared that the indorsement was a special authority to the bank authorizing it to make the collection of the note, and that the bank or its agents authorized to act for it were the proper parties to whom the payment should have been made, and by whom the note could have been legally presented for payment, subject to the right of interference of the owners by revocation or otherwise. "Had the supposed holder to whom the maker contends he paid the note produced it indorsed in blank, or had the note been payable to bearer, either would have been sufficient evidence of his right to present it and receive the payment. But the payment by the maker to an unknown holder or stranger, who had no right to collect it, either as agent in fact or *bona fide* owner, in the face of the special indorsement to the bank for collection by the holders, was made at his own risk, as the possession with such an indorsement was notice to him that none but the bank or its agents, or the holders and their agents, were authorized to present the note or receive the money thereon."

An indorsement on a note "pay to A B, or order, for collection," and signed by the payee or owner of the note, merely makes the indorsee agent for the indorser to collect it, but does not vest in him a title on which he can maintain a suit. (*Rock County Bank v. Hollister*, 21 Minn., 385.) This, however, is a statutory regulation, and, of course, prevails only in the States which have enacted it. "At common law," as said by Chief Justice Gilfillan, "the beneficial owner of a negotiable bill or note, payable to bearer or indorsed in blank, might institute suit on it in the name of any one who would allow his name to be used for that purpose, and that unless the maker had a defense to the note, good against the real owner, he could not be permitted to show that the plaintiff was not the real party in interest."*

Of course, the ownership of a note sent for collection may be changed by special agreement. Thus a New York bank received from Briggs for collection, a check drawn on a bank in New Jersey and sent it by mail to the drawee, which for a long period had been its collecting agent in that State. The drawee on receiving the check charged it to the drawer and credited the New York

* (*Morton v. Rogers*, 14 Wend., 575; *Lowell v. Evertson*, 11 Johns, 52; *Conroy v. Warren*, 3 Johns. Cas., 259.) If a note indorsed in blank be put into a bank for collection and be not withdrawn after it is protested, the bank may support an action thereon in its own name. (*Sterling v. Marietta & Susquehanna Trad. Co.*, 11 Serg. & Raw., 179.)

bank with the amount. The next day the New Jersey bank failed, and Briggs then brought an action against the New York bank to recover the amount. The Court decided that the drawee had a right under an agreement existing between the two institutions to discharge the drawer and substitute itself as debtor, which it did, and that the New York bank "must be regarded as having accepted the responsibility of the drawee upon its credit in the collection account as payment of the check" and was consequently liable for the amount. (*Briggs v. Central Nat. Bank*, 89 N. Y. 1821; s. c., 61 How. Pr., 250.)

A bank must use reasonable skill in making the collection, and to that end must make a seasonable demand on the promisor, and if the note be dishonored give due notice to the indorsers in order to preserve the security of the owner. (*Faber v. Mercantile Bank*, 23 Pick., 330.) And "any agent," in the language of Judge Selden (in *Walker v. Bank of the State of New York*, 9 N. Y., 582, p. 584; *Huff v. Langdon*, 2 Disney, 63), "whether it be a bank or an individual, receiving a note or bill from the holder for collection is responsible for any loss which the holder may sustain on account of any neglect in presenting it or in giving notice of its dishonor." He also added that "it is the duty of the agent who receives for collection a bill of exchange payable at some future time to use due diligence in presenting the same for acceptance, and if he fail to do so, or fail to give notice in case acceptance is refused, he will be liable."*

The question, therefore, to be answered here is, what does reasonable skill and diligence require of a collecting agent; in other words, what omission or neglect renders the collecting agent liable to the owner of the note or other instrument sent for collection?

When a bank receives instructions concerning the collection of

* In *Exchange Nat. Bank v. Third Nat. Bank*, 112 U. S., 280, Judge Blatchford said: "An agent receiving for collection, before maturity, a draft payable on a particular day after date, is held to due diligence in making presentment for acceptance, and if chargeable with negligence therein, is liable to the owner for all damages he has sustained by such negligence. *Allen v. Suydam*, 20 Wend., 321; *Walker v. Bank*, 9 N. Y., 582. The drawer or indorser of such a draft is, indeed, not discharged by the neglect of the holder to present it for acceptance before it becomes due. *Bank v. Triplett*, 1 Pet., 25; *Townslley v. Sumrall*, 2 Ib., 170. But if the draft is presented for acceptance and dishonored before it becomes due, notice of such dishonor must be given to the drawer or indorser, or he will be discharged. 3 Kent's Com., 82; *Bank v. Triplett*, 1 Pet., 25; *Allen v. Suydam*, 20 Wend., 32; *Walker v. Bank*, 9 N. Y., 582; *Goodall v. Daller*, 1 Term, 712; Bayley on Bills, 1d. Am. Ed., 213. Moreover, the owner of a draft payable on a day certain, though not bound to present it for acceptance in order to hold the drawer and indorser, has an interest in having it presented for acceptance without delay, for it is only by accepting it that the drawer becomes bound to pay it, and, on the dishonor of the draft by non-acceptance and due protest and notice, the owner has a right of action at once against the drawer and indorser, without waiting for the maturity of the draft; and his agent to collect the draft is bound to do what a prudent principal would do." 3 Kent's Com., 94; *Robinson v. Ames*, 20 Johns., 146; *Lenox v. Cook*, 8 Mass., 460; *Ballingalls v. Gloster*, 3 East, 481; *Whitehead v. Walker*, 9 Mees. v. Wels., 506; *Walker v. Bank*, 9 N. Y., 582. See also *Mouni v. First Nat. Bank*, 37 Iowa, 457.

a note it must follow them or be liable for the consequences. Thus, a bank, having taken a solvent bill for collection, before it matured, was instructed to permit a renewal for a further term of credit, on condition that a solvent indorser should be given on the new instrument. The bank suffered the renewal to be made without such indorser, surrendering the former bill to the acceptor, and reporting that a renewal had taken place in conformity with instructions. The holder was injured in consequence of the subsequent insolvency of the acceptor during the extended term of credit, and the bank was holden for the damage sustained.* (*Central Georgia Bank v. Cleveland National Bank*, 59 Ga., 667.)

A firm in Michigan left for collection with a bank in that State a sight draft of their own for \$500 on "J. C., treasurer of the M. S. Co.," a manufacturing corporation in Connecticut, with directions to "return at once without protest if not paid." The defendant bank presented the draft to the drawer, who replied that he would look up his account with the drawers and inform the cashier with regard to payment. The drawers had also written J. C. that such a draft had been forwarded, and he wrote them in reply: "The \$500 draft has been received and paid. Don't draw any more." On the receipt of this letter the drawer showed it to the Michigan bank, which, believing that the draft had been duly paid, also paid the drawers \$500. J. C., the drawee, was also the president of the defendant bank, and this fact was known to the one in Michigan. Several days later the cashier returned the draft unpaid, which was his first information to the Michigan bank with regard to the matter. It then demanded repayment of the drawers, which was refused. They were solvent, but had no visible property, and the claim could not have been collected without much difficulty. It was held, first, that the defendant bank, as agent of the other for the collection of the draft, had been guilty of negligence in not obtaining payment of the draft or returning it at once to the Michigan bank. Second, that although the Michigan bank paid the money to the drawers on the statement of the drawee to the drawers that the draft had been paid, yet, as it would have been saved from loss if the defendant bank had performed its duty, the defendant was liable for the actual damages resulting from its neglect. Third, that these damages were to be regarded as the whole amount paid by the plaintiff bank to the drawers, and that it had a right to recover this sum, although it had a right of action for the whole amount against them. (*Merchants etc. Bank v. Stafford National Bank*, U. S. Dis. Ct., 44 Conn., 564.)

* A bank having for collection a draft by L on C, received money in part payment and a sight draft and a ten days' sight draft on B in settlement of L's draft on C. B paid one draft and accepted the other at ten days. On maturity the bank presented it to B for payment, which was refused, but the bank did not protest it so as to charge the drawer. This was negligence and the bank became liable for the amount. (*Capital State Bank v. Lane*, 52 Miss., 677.)

The collecting agent is negligent if he omit to protest a draft that has been improperly accepted whereby the drawers and drawees are discharged. Thus, when a draft drawn by the Empire Mills, on "E. C. Hamilton, Esq., New York," was sent to a bank for presentment and the drawee wrote across the face of the draft, "Accepted, payable at Am. Ex. Bank, Empire Mills, by E. C. Hamilton, Treas.," and the acceptance bound neither the drawee nor the "Empire Mills," the bank having omitted to protest the draft, was liable to the holder for the amount. (*Walker v. Bank*, 9 N. Y., 582.)

When a note is made payable at a particular place, it must be presented there for payment. But when it is made payable at a bank and is put into the cashier's possession for collection, there is no necessity for making a specific demand. The legal requirements are fulfilled if the note is in the bank when it is due; in other words, is with the cashier who is ready to receive the money. The demand will suffice if the teller of the bank who presents the note inquires of the bookkeeper whether a deposit has been made to pay it, and is informed that there are no funds to pay it. Moreover, the demand is good, though the teller acted as clerk of the notary public who protested the note.*

A bank has a collection note against a person residing in another place; its duty consists in placing it with due diligence into the hands of a competent and responsible agent doing business at the residence of the maker for collection or protest. (*Stacey v. Dane Co. Bank*, 12 Wis., 629.)

When must the collecting bank keep the security—the bill of lading or other thing—on the strength of which the draft to be collected is drawn? W, a banker at Indianapolis, sent a draft to a bank at Buffalo, drawn on B, who resided there, and also bills of lading for some lumber which C had sold to B. The draft was for the purchase price which was discounted by W on the security of the bills of lading as collateral. In a letter accompanying the draft and bills, W stated that the draft was sent for collection and desired the proceeds to be transmitted. The draft was payable fifteen days after date and was indorsed by M, and then by W, specially to the cashier of the bank "for collection." By its terms the drawer, indorsers and acceptors waived presentment for payment and notice of protest and non-payment. The bills of

* *Browning v. Andrews*, 3 McLean, 576; *Berkshire Bank v. Jones*, 6 Mass, 524; *State Bank v. Napier*, 6 Humph., 270. Says Johnson, J., "in commercial places, usage has made banks the general repositories of the funds of individuals, and when one is told that he is to be paid money at a bank, he understands that the promiser will deposit funds there for that purpose, and if, upon inquiry, he ascertains that there are no funds there he understands as distinctly that he is not to be paid. He has done, therefore, all that the implied undertaking on his part imposes when he makes a demand at the bank. This rule is too well settled to admit of any controversy." (*Bank v. Flagg*, 1 Hill, 177, p. 179; *Sanderson v. Judge*, 2 H. Black, 309.

lading set forth C as the shipper of the lumber, and were dated two or three days prior to the date of the draft, and were indorsed by C, M and W. The draft was accepted by D and the bank delivered the bills of lading to him. He failed, however, before its maturity. By ordinary course the lumber would reach Buffalo eight days before the maturity of the draft. W brought a suit against the bank to recover the amount of it, on the ground that the institution did wrong in delivering the bills of lading before collecting the draft. Judge Wallace said: "It is evident that the draft originated from the shipment of the lumber, was negotiated on the credit of that shipment, and that the parties to it intended that the defendant should deliver the bills of lading to the drawee on his compliance with the conditions of the agreement under which the lumber was shipped. What those conditions were must be determined by the draft and bills of lading only, and must resolve themselves into one of two alternatives. Either the drawer had consigned the lumber on his own account to be sold for him by the drawee, and drawn upon the latter for an advancement on the consignment, or the drawer had sold the lumber to the drawee and drawn upon him for the purchase price. On the first supposition the drawee was under no obligation to accept the draft until he received the property consigned; on the second, the fact that the draft was payable fifteen days after date, indicated that the sale was on the credit of that time. If the sale was on credit, the drawee was entitled to a delivery of the property, and to require him to pay for it on delivery would be to repudiate the agreement for credit. Upon either hypothesis the drawee was entitled to the property as the consideration of his acceptance of the draft. If such was his right, evidently the drawer, indorser and owners of the draft had no interest in the bills of lading except so far as they were securities for the acceptance of the draft; and it was reasonable to infer that they were forwarded to the defendant to retain or return in case acceptance was refused." The bank, therefore, was declared to be not negligent in delivering the bills of lading to the acceptor of the draft. (*Woolen v. New York & Erie Bank*, 12 Blatchf., 359; *Lanfear v. Blossman*, 1 La. Ann., 148; see also *Mason v. Hunt*, 1 Doug., 299.)

A, the owner of an elevator, bought through B, of Milwaukee, two cargoes of wheat and sent sight and time drafts in payment. A Milwaukee bank bought the drafts and received the bills of lading. These described B as the shipper and that the grain was to be delivered at Oswego, to the account of the cashier of the Milwaukee bank, care of the City Bank of Oswego. The Milwaukee bank accordingly sent the drafts and bills of lading to the other with the instruction: "On payment of the draft you will deliver the cargo to the order of A. If not paid, please hold and advise by

telegraph." The bank acknowledged their receipt, presented the sight draft to A, who paid them and accepted the time draft. On the arrival of the wheat at Oswego, the master of the vessel that carried it reported to the cashier of the City Bank, who indorsed the bills of lading: "Deliver to the Corn Exchange Elevator for account of D, cashier Milwaukee, subject to the order of the City Bank of Oswego." After the wheat had been thus delivered, A, the owner of the elevator as above mentioned, sold it. The City Bank in its account with the other made a charge in addition to the customary percentage for collecting and remitting the proceeds of the draft. Before the time draft became due, A failed. In an action by the Milwaukee Bank against the other, it was held first that the City Bank was its agent in transacting the business in question, and secondly, that whether it exercised reasonable care and diligence in the matter was a question of facts for the jury to decide. It may be added that the Court thought that the City Bank was negligent. The instructions were not to deliver the wheat until the drafts were paid. The City Bank did deliver it on payment of the sight draft and before payment of the other, whereby the Milwaukee Bank lost its security. (*National Bank v. City Bank*, 103 U. S., 668.)

BIMETALLISM IN EUROPE.

GREAT BRITAIN.

Among the single-country experiments in European bimetallism it is proper to refer first to those tried in England, which are among the earliest and most important.

"The system of currency naturally adopted by the first coiners of money," says Professor Jevons,* "was that of a single tender. Coins of one kind of metal, or even a single series of coins of uniform weight, were at first thought sufficient. Iron in small bars was the single legal tender in Lacedæmon, and possibly in some other early States. *Aes* was undoubtedly the legal tender among the Romans for a length of time. In China the sole measure of value and legal tender to the present day consists of brass *cash* or *sapeks*, strung together in lots of a thousand each. In England silver was the only metal coined from the time of Egbert" [800-837] "to that of Edward III." [1327-1377] "with the doubtful exception of a very few pieces of gold. Silver was the sole legal tender and measure of value, and few coins except silver pennies were issued. . . . The Plantagenet kings, finding that though they coined only silver the people made use of gold, eventually began to issue gold coins, and fixed the rates at which they should be exchanged for silver

"Money and the Mechanism of Exchange," by W. Stanley Jevons, M.A., F.R.S. . . .

coins. In the absence of any special regulations to the contrary, this constituted a double tender system. As, after a time, the ratio of values of the metals would fail to coincide with that involved in the relative weights of the coins, it became requisite to fix by royal proclamation a new value for one metal in terms of the other. From 1257 to 1664 the gold and silver currency of England was thus regulated, no coins of copper or any inferior metal being then issued. From 1664 to 1717 no proclamations were made upon the subject, and the value of the guinea was allowed to vary in terms of the shilling. At one time it rose to nearly 30s., owing partly to the decreased value of silver, but chiefly to the clipped and worn state of the silver money. During this interval, then, the country had a single silver standard."

The periods thus briefly described, embracing a long course of experiments in silver monometallism and in bimetallism, were attended by great hardships and losses to the people, resulting from the perpetual fluctuations and alterations in the standard of values. Early in the fifteenth century the currency was so debased by various means that a law was enacted providing that all gold money should be passed only by weight, and that all light and vitiated coins should be taken to the Tower to be recoined. On account of the losses sustained by the holders, the usual charges for coinage were remitted. In the reign of Edward VI. (1547-1553) the currency reached its worst condition of depreciation, and was in such a state of confusion and fluctuation that the seller scarcely ever knew what value he would receive for his goods. This, it will be observed, was in the period when bimetallism prevailed. Vigorous efforts were made by King Edward to correct the currency troubles by improving the standard, and in 1601 Queen Elizabeth signalized the beginning of her reign by raising the silver coin to a higher standard of purity than had been known since the accession of Henry VIII.

During the reigns of James I. and Charles II. the gold coinage increased, but every effort made by the Government to establish a legal ratio between the two metals only resulted in confusion. Sometimes gold and sometimes silver disappeared, just as the one or the other happened to be the more valuable metal, and it became necessary—notably in the reign of William III.—to resort to costly recoinage. At length the Government ceased to interfere with the ratio, and the single silver standard was resumed.

Early in the last century the unsatisfactory state of the silver currency became the subject of much discussion, and Sir Isaac Newton, then Master of the Mint, was requested to report as to the best measures to be adopted. Accordingly, in 1717, he made his famous report, recommending that the Government should resume the practice of fixing the value of the guinea, and suggesting that

it should be rated at 21 shillings. This suggestion was followed, and the English guinea has been so rated ever since.* Nominally the double standard was reintroduced, since it was allowed that any one might pay in either silver or gold, but as the latter metal was overvalued, under the Newtonian ratio, by about $1\frac{1}{2}$ per cent., the full-weight silver coins, in accordance with Gresham's law,† were withdrawn or exported, and gold, in effect, became the standard, and has continued to be such from that day to this.

It is therefore to Newton, the unparalleled scientist, that Great Britain originally owes the monetary policy under which she has become the money mistress, and her capital the money center of the world.

The ratio between gold and silver, which had been 14.81 in 1700, rose to 15.22 in 1710,‡ and throughout the eighteenth century the store of gold steadily increased under the Newtonian policy. The export of the full-weight silver coins being accelerated by the overvaluation of silver in France, only the light and worn silver-pieces remained, and these were often 25 per cent. below the standard. This state of things brought on a discussion during the reign of William III. [1689-1694], in which the philosopher, John Locke, took a conspicuous part, with William Lowndes, then Master of the Mint, for his chief antagonist. Locke strongly recommended that, after a certain date, all clipped and hammered coins should be allowed to pass only by weight. His advice was disregarded, and the Government undertook to recoin the entire remaining and worn silver currency, and to make it full weight without raising its value, but this only stimulated the export of silver, and the fluctuations in the value of that metal became more violent than ever. It was therefore declared, in 1774, that silver should no longer be a legal tender, except by weight, for more than £25. Under the operations of this measure the gold ratio advanced to 15.42, and for the first time in 70 years silver began to be brought to the mint for coinage. The silver coins were still so scarce and worn, however, that practically they continued to serve merely as tokens, and accordingly, in 1805, Charles Jenkinson, the first Lord Liverpool, brought forward, as a general measure of currency reform, his plan for a composite legal tender. This plan, which was accompanied by a memorable argument in its favor, was carried into effect in 1816, and since that time has formed the basis of the English monetary system.

Professor Jevons thus describes the composite legal tender scheme;

"Coins of one metal are adopted as the standard of value and principal legal tender, and subordinate token coins of other metals

* Jevons.

† So named from Sir Thomas Gresham, founder of the Royal Exchange in London. Briefly stated the law is that bad money drives out good money, but that good money cannot drive out bad money. This is Professor Jevons' definition.

‡ Soetbeer's Tables.

are furnished for the purpose of subdivision, being recognized as legal tender only for small amounts. The values of these token coins depend upon that of the standard coins for which they are legally exchangeable, and care is taken to make their weights such that the metallic value will always be less than their legal value. No profit can ever be made by melting such coins, or removing them from the country, and their ratio of exchange with the principal coins is always a simple ratio fixed by law."

Upon the final adoption of this plan it was provided that the troy pound of silver should be coined into 66 shillings, instead of 62 shillings, the previous rate. This was done to prevent silver from rising relatively above gold, and becoming an object of export. Silver was made, and still remains, a legal tender to the extent of 40 shillings.

Subsidiary bronze coins are also struck, of the denominations of pence, half-pence and farthings, composed of an alloy of 95 parts of copper, four of tin, and one of zinc. These coins are a legal tender only to the amount of one shilling.

Such is the composite standard system of Great Britain commonly called, or rather miscalled, gold monometallism. Gold is the principal legal tender, and silver is a subsidiary or limited legal tender. The two metals are joined, as it were, in a marital union, the one as chief in the monetary family, so to speak, and the other as helpmeet.

It remains only to add that it is the theory of the English monetary law that any person may go to the mint, and have gold converted from bullion into coin, or coin into bullion, at the expense of the Government. But no one is authorized to take silver to the mint and demand coin for it, and the Treasury is left free to issue whatever amounts or denominations of silver coin it may deem commensurate with the needs of business. Practically, the issue of silver is governed by the requisitions for that metal made upon the Bank of England.

GERMANY.

In the German monetary system, to which we next turn, we find another practical example of the composite legal tender.

The condition of the currency in the German States prior to the establishment of the empire, was one of great complexity and inconvenience. Often three, four or half a dozen entirely different series of coins were mingled together without harmony or method. Not only the separate States, but even the free cities had their peculiar systems of coinage. Silver was the sole standard of values except in the city of Barmen, and such had been the case ever since the period of gold discovery in California and Australia, at which time so much alarm was created by Chevalier and other European economists as to the probable depreciation of gold, that the Netherlands,

Belgium, and the German States all demonetized gold and adopted silver as the only legal tender.

The value unit of the North German States was the *thaler*, (30 to a Zollverein pound of silver), and in the Western States it was the Rhenish *gulden* or *florin*, (52½ to a pound of silver).

By a coin convention of the German States, held at Vienna, in 1857, a new universal German coin for commerce, known as the "crown," of ½ pound gold fine, was created, but owing to its limited coinage, and its fluctuating silver value, it was never much used. The *thaler* continued to be the principal coin, and was a legal tender throughout the territory of the Vienna convention.

At the time of the consolidation of the empire a reform of the currency had become an imperative necessity, and was immediately undertaken. It has proven to be one of the greatest blessings which the empire has conferred. Out of confusion, system has been brought, and out of commercial obstruction and uncertainty, facility and stability.

The introduction into Germany of the single gold standard in lieu of the silver standard which prevailed in most of the German States up to 1871, was enacted by the laws of December 4, 1871, and July 9, 1873. The unit of the money of account is the mark, rated at our Custom House at 23.8 cents, but usually exchanged at the rate of 4¼ to the dollar. A silver thaler is the equivalent of three marks. One, two and five-mark and half-mark pieces are also coined. The gold coins are five, ten and twenty-mark pieces, the latter resembling in size the French napoleons. Any person is entitled to have gold coined, on his own account, into twenty-mark pieces, on payment of a seigniorage of three marks per pound of fine gold. Silver is coined only on Government account, the right to have it coined on private account having been withdrawn. The gold coins are an unlimited legal tender, but the imperial silver coins are a legal tender for not over twenty marks, and the nickel and copper coins for not over one mark.

This is substantially the English system of composite tender, the subordinate coins being tokens. Gold, silver and Imperial Bank paper circulate freely, side by side, gold and paper being generally preferred. The Imperial Bank has its branches in all parts of the empire, and its paper, being redeemable in gold, is everywhere current. The paper currency issued by the various States has been withdrawn, and in place of it are circulated the notes of the Imperial Treasury.

The withdrawal of the old coin issues was a matter of great difficulty, and has not even yet been fully accomplished. For this reason the German composite tender system cannot, as yet, be regarded as being fully perfected and established. Owing to the impossibility of exchanging at once the new imperial coins for the

coins of the different States, the laws continued to recognize the old coins of the States as legal tender at the rate of one thaler for three marks of gold, or about the proportion, as between silver and gold, of 15.5:1. In withdrawing the old silver coinage, the Government began with the older issues, and the gulden circulation of South Germany, before venturing into the vast field presented by the thaler currency. Up to March, 1876, old silver had been withdrawn to the amount of about \$110,000,000. Much of it was sold in India and elsewhere, and the attempt to market a portion of it in France precipitated the break-down, as we shall hereafter see, of the double standard scheme of the Latin Union.

Owing to the heavy decline in silver, the Government, in May, 1879, suspended its sales of that metal. This action has been much criticised on the ground that the losses which the country has suffered in commercial exchange by reason of the incompleteness of the gold standard greatly exceed the loss that would have been incurred by the sale of the old silver, even at the depressed prices.

The amount of old thalers not yet reduced to imperial currency is supposed to be about \$100,000,000, chiefly stored in the cellars of the Imperial Bank. This silver being still a legal tender, the bank may redeem its notes in it at any time, and although this option has never yet been exercised, it is a potentiality of sufficient influence to make a difference in the price of exchange of one-half to one per cent. in favor of London.

A strong popular demand is, therefore, now being made upon the Government to continue and complete the withdrawal, by recoinage or sale of the silver thaler pieces from their exceptional position in the currency system. This being done, no silver coin will be a legal tender for a greater sum than twenty marks.

Germany is not, to any large extent, a gold-producing country, but the war indemnity paid her by France gave her the coveted opportunity to reconstruct her currency on the gold basis. Of the total sum of one thousand million dollars paid her by France, less than fifty millions was paid in silver five-franc pieces, and of this sum of fifty millions, nearly twenty millions were coined out of silver bought in Germany and imported into France for the purpose. The price of silver having fallen in the German market, 92,000,000 francs worth of the metal was procured at the Bank of Hamburg and coined into five-franc pieces, which, under the treaty arrangement, were accepted by Germany at par. In turn, the Germans availed themselves of the free coinage of the Latin Union to dispose of the whole amount again at par in France and Belgium.

There has been much misapprehension on this side of the ocean as to Germany's attitude toward the double standard. The fact that her gold standard is, as yet, imperfectly established, has been,

in part, the occasion of this. Having not yet quite reached the goal she aims for, it has been assumed that she was inclined to hesitate, and might be persuaded to turn back. But the truth is that, while Germany, as well as England, regards bimetallism as a good thing for her neighbors, she does not esteem it as the best thing for herself. Having a large amount of silver to sell, she would be very much gratified if other countries would pledge themselves to take that metal at a fixed price, in any amount offered. She is therefore quite disposed to connive at any sort of international agreement which may have the effect of advancing the price of silver. But she studiously refrains from taking any responsible part in double-standard diplomacy, and with good reason, for, whereas under the silver and double standard her business and financial interests were perpetually disordered, and her commerce languished, under the gold standard her industries have vastly developed, her commerce has extended to all parts of the world, and her international financial business has become, next to that of England, the most important in Europe.

ALFRED E. LEE.

[TO BE CONTINUED.]

A NOTABLE TEMPLE OF TRADE.

[CONTINUED FROM THE MARCH NUMBER.]

The commercial peasantry are partitioned into four classes, varying in importance or degree similar to those of the merchant divisions. In both bodies the classification is based upon the license paid by the trader rather than upon his commercial standing. No nation is more rigorous than Russia in governmental supervision of its people, as no man or woman is permitted to live in Russia without a passport, and that renewed annually, so no person can engage in business of any kind or degree without governmental license. A farmer peasant, if found making purchases in a manner that would indicate a resale, is at once required to pay the license of a fourth class trader or suffer the penalty of a severe law. A peasant's license as a trader of the first class entitles him to many of the privileges of a merchant of the same degree, though excluding him from banking, insurance, etc. The licenses granted to peasants of the second and third class confer privileges similar to those of merchants of corresponding grades. The peasants coming under a fourth grade license are those who engage in a mere local petty traffic, and are not classed as members of any guild, a term applied to all commercial bodies or classes ranking above the fourth class trading peasants.

Merchants' clerks or assistants in trade must be registered at the

town houses, the same as merchants or traders, by licenses stating the nature and place of their employment and the names of their employers. These employes are licensed under two classes, head clerks and assistants.

Besides the merchants, peasant traders and clerks, as specified, there are certain classes which come under what is known as the free list, or persons who require no registration in the mercantile guilds or bodies. These are grouped into eight divisions and briefly described as follows:

1. Farmers or marketmen who sell only products of the soil and the dairy.
2. Ship or vessel builders.
3. Makers of machinery and apparatus for manufacturing purposes.
4. Keepers of apothecary shops and printing houses.
5. People who trade only at fairs or at appointed public auctions.
6. Makers of chemical compositions.
7. Noblemen who confine their business to the sale of the products of their estates and of certain manufactories owned by them.
8. Petty shop traders in domestic manufactures, such as tailors and shoemakers.

Every licensed merchant or trader, in placing his signature to business obligations or legal documents, must specify to what guild or class he belongs and in what corporation or district his business is located. It is believed that this restriction serves often as a check on swindling, for it is made a serious offense to misrepresent the truth in one's signature with its lawful attachments. The inland trade of the country is largely controlled by merchants or their agents who travel from one place to another. They are mostly of that class which must confine their operations to their own district, but this often comprises a large number of small towns or villages. These traveling shops are the real middlemen of the empire. Every middleman—"koulak" has his own district and he knows not only every individual, but is accurately posted as to their circumstances and necessities. At harvest time he purchases all the farmer peasant will sell, paying in merchandise, not money, giving credit if the purchases of the peasant exceed his ability to pay. He pays low prices but makes sales of purchases as easily as possible for his customers, and soon has the peasant entirely in his power. The influence of the middlemen is undoubtedly prejudicial in all cases to the peasants, but the blame, if any, attaches undoubtedly to the Government, which restricts a rapidly multiplying people to certain prescribed districts.*

In a country so strict in its commercial code the mercantile exchange, it may be readily observed, naturally becomes a powerful wheel in revolving the nation's trade. This is true of all such

* The author, for much valuable information, is indebted to the Consular Reports, and especially to those of Consuls-General Edgar Stanton and P. M. B. Young, at St. Petersburg.

institutions in the commercial centers of the empire, but of none is it more fairly stated than of the old exchange at St. Petersburg.

The foreign trade of Russia is conducted almost entirely through these business organizations, the members of which are wealthy merchants and operators, mostly of foreign extraction, partly foreign subjects, settled at the seaport cities and at Moscow. Her trade with the United States has been steadily growing during the past twenty years, though as yet it is trifling when viewed in connection with that of Western Europe.* This is readily accounted for when it is seen that grain forms the chief element of Russia's exports. Her shipments to the United States are made up principally of wool and fleeces, camel and horse hair, bristles, rope and cordage, platina and iridium.

Within the great exchange of St. Petersburg almost every known commodity which passes in or out of the Russian ports is dealt in. Of late years grain is the chief feature of attraction, but as the imports of the empire exceed the exports, there must be vast quantities of supplies such as manufactures, comestibles, cotton and cotton yarn, dyes, silks, wool, coal, etc., to come from foreign markets.† The following is an interesting account of business methods at the exchange during its palmiest days.

"In the six side rooms the sugar bakers and the dealers in corn, tallow and timber, without formal regulation, have established themselves; and each class, from habit, has taken possession of a particular spot. These are composed almost exclusively of Russians, with and without beard, some old men still in kaftans, others in more modern French suits. Between them and the lords of the sea in the center, are the German brokers, with silver marks at the button hole. Lastly, in the outermost circles, are *artelschischiki* or messengers, who in all cases are Russians, as they seem best qualified for that service.

"This assemblage of Petersburg merchants is certainly the largest company of respectable and polished men to be seen in Russia, without order or cross of any kind. Besides those silver marks worn by the brokers in their business, as a sign that they have been duly appointed and sworn, and medals of a pound weight hanging about the necks of a few Russian merchants, you perceive no distinctions—nothing but black frocks and simple green surtouts. He who is accustomed to move among the richly decorated uniforms of Russian generals and courtiers, or Petersburg academi-

* The trade with Western Europe, comprising Germany, Great Britain, France, Austria and Belgium forms, according to Consul-General Stanton's report in 1825, 93 to 94 per cent. of Russia's total commerce. During the years 1867 to 1871 the trade between Russia and the United States was 6,818,000 rubles, or about 1,450,000 rubles for one year; during the year 1881 it had increased to 18,633,000 rubles.

† The import trade of Russia, not including that of the frontier, which does not enter into calculations at the seaport exchanges, amounts to about 500,000,000 rubles or \$240,000,000.

cians and professors, whose gold-embroidered coats glitter with extraordinary merits more than Orion with alphas and betas, may be struck by the sight of so many persons in uniform color, and whose behavior is nevertheless decorous and polite.

"The Assembly, which for the rest is by no means gentlemanlike in all its elements, and where a fastidious person might take offense at the intrusion of Polish Jews and the occasional intrusion of Tartars and Bucharians, appears in the highest degree interesting to one acquainted with the interior, and who is capable of interpreting the echo of two or three words uttered in these halls, nay, often a few pantomimic gestures only, which extend their influence over vast tracts of country. With rapid pencil the broker notes in his book some hundred tons of tallow; a nodding ensues between both parties, and the death of hundreds of beeves grazing in distant steppes is decided.

"The main hall of the exchange is sufficient in proportions that therein the bands of all the regiments of the guard might conveniently find their echo, but for whispers only was it made. An audible conversation is never known there. Nothing save mere bagatelles is spoken aloud."

Immediately west of the exchange, on that branch of the stream known as the Little Neva, stands the old custom house, or as the Russians say the *tomoshna*. Many of the smaller craft, those drawing not more than nine or ten feet, can load and unload their cargoes upon the quay in the rear of this building. Here, too, in the large open court, which is also in the rear of the exchange, for many years was held what was known as the parrot and monkey market. Soon after the opening of navigation in the spring it was long customary for sailors and masters of vessels to bring hither and expose for sale a great variety of curiosities procured in foreign lands. Among these odd attractions were parrots, monkeys, apes, and other gifts of the animal kingdom which were then rare in that country; and with these often came magnificent flowers of tropical regions. Some ingenious and speculative skipper would occasionally create a stir in the market by offering singular implements and fantastic apparel of far away tribes and nations. In the midst of these scenes one might now and then see a bright colored boy upon whom the master of a ship would demand a good premium from persons of nobility and distinction for his trouble in importing the odd bit of ebony. This queer market afforded not only a profit for the sailors, but a gratifying amusement to all classes, young and old, high and low, who visited it.

SELDEN R. HOPKINS.

[TO BE CONTINUED.]

CALIFORNIA SAVINGS BANKS.

The California Legislature is now engaged in investigating the Savings banks of the State. The subject is of widespread interest.

Why, says the San Francisco *Commercial Herald*, our legislators should go out of their way to attack our savings banks, surpasses common comprehension. They are emphatically the people's banks, and had their origin in an effort to brighten the lot of the worker and to gild the abodes of poverty and toil with the hopes that by concerted and continued action, they, too, could share to some extent in the national wealth. And an extension of the principle affords the best hope for eventually raising the condition of labor, so that it shall partake to the fullest extent of the fruits of its industry. There have been exceptional cases of failure, but generally the system has been a thorough success, as exemplified by the fact that the deposits on the whole have risen from less than half a million in 1830 to upward of a thousand million of dollars at even date. They have thus much more than kept pace with the general progress of the country. In California, out of say about one hundred and eleven millions of deposits, the savings banks hold a trifle over sixty-six millions, or \$66,196,200, so that they are really and truly the people's banks. And they are that in more senses than one, as during 1886 they distributed in dividends a little over two millions one hundred thousand dollars (\$2,110,100) as against something less than two and a half million by the commercial banks. The people at large by their aid thus participate to an unusual degree in the earnings of capital, and, as civilization progresses, education becomes more general and vicious habits lessened, they will participate more and more. The fact that they have been able to distribute two millions mainly amongst the workers of this city ought to be an argument in favor of leaving them alone and allowing the management that rendered this possible to pursue its hopeful path in peace.

But no—self-styled friends of the people now step in, draw attention to what they term abuses in their management, and loudly clamor for reform. As a gentleman connected with one of the principal savings banks of the city said the other day, if they mean well let the Legislature send a committee of investigation down here. We will gladly facilitate their work and extend to them all the aid in our power. Then if, after this, there are any desirable means of strengthening the banks or improving their condition, we will only too gladly follow out the suggestion. But some patriot, anxious to make a record for himself, and finding the field of legislation unusually barren, conceives a happy thought, the glorious inspiration of an unusually felicitous moment, and imagines that there may be something in the condition of the savings banks that will justify him bringing in a bill concerning them. Straightway he hies himself to the library and pores over the reports of the Banking Commissioners. Here he finds that there are stockholders who get dividends and that there is a mysterious fund, known as the reserve fund, some diabolical device of capital to cheat the working man, and further inquiry tells him that the officers and directors actually receive salaries for work performed. Why, here is a bonanza. Some literary sharp is next employed who can put all this in decent shape and make the worse appear the better cause. The officers are then summoned to

Sacramento and taken charge of singly and put through a course of cross-examination, which is, after all, a mere matter of form. The next step in the process is the incubation of a bill, and the craft of legislation is afloat upon the waters. One of the most severe charges made against those who manage our savings banks is that the stockholders get $13\frac{1}{2}$ per cent. dividend, while the poor depositor can only obtain $3\frac{1}{4}$. In the first place this is a gross exaggeration. All the savings banks in the city, with one exception, have a capital stock ranging from \$72,900 to half a million dollars, the aggregate being \$1,691,985. The capital stock of all the savings banks in the State is \$3,961,272. On this in good years a dividend of from 6 to 8 and in some cases 10 per cent. is paid. In some years nothing is paid, because the stockholders feel that if they did not pay as good a dividend to depositors as other banks they would lose their depositors. In all the savings banks with a capital stock the depositor agrees that the stockholders shall receive one-tenth of the net earnings. Out of this one-tenth the reserve fund is accumulated, losses made good and stockholders' dividends paid. In a bad year there is generally nothing left for the stockholders to get, and in no case do they get more than they receive as dividends in any other bank. They have all the risk and all the trouble, and it is only common sense and common justice that they should get compensated for their pains. If the depositor is dissatisfied, he, subject to his agreement, can withdraw his money at any time. We have said that the depositors by the agreement made are entitled to nine-tenths, but generally the stockholders do not even keep their one-tenth.

When the earnings are light it is, and has been, the practice to make up the depositors' dividends from the one-tenth going to the stockholders. The capital stock is usually subscribed by gentlemen of standing in the community and they cannot be expected to take up all the risks and put up their own money, too, without some compensation. The actual dividends were for the year ending Jan. 1886, as follows:

Stockholders.....	\$ 124,876
Depositors.....	1,085,230
Total.....	\$2,110,106

Now if the stockholders' dividend had been apportioned out amongst the depositors it would have increased the average rate of 4.10 to 4.35; that is, it would have added $\frac{1}{4}$ per cent. Of course this is so insignificant as hardly to be worthy of serious mention.

The average rate of stockholders' dividends, as shown by the above, was simply $7\frac{1}{2}$ nearly, or not much above one-half the rate at which the legislative report placed it. That this is anything too much for people who have invested their money in the guaranty fund of savings banks cannot be for a moment conceded when it is known that the same parties could obtain all the way from 5 to 9 per cent. on mercantile and county bonds as well; where no loss is possible. Take, for instance, the Market street railroad, that pays 6 per cent. and whose bonds sell at the same rate as do the highest United States bonds. And now we come to that great bugbear—the reserve fund. But it is almost childish to talk about, and, in fact, we are almost ashamed to refer to it. But as the sapient committee set forth the idea that by it the poor man was in some way or other robbed or had his just rights taken away, we deem it advisable to devote a little space to it. Depositors in savings banks are not supposed to be partners in the enterprise carried on, and as they have to get back their money, come what may, it is necessary to have a reserve fund to provide against times of disaster.

Real estate does not always remain at the same level. It rises and falls like sugar—though not so rapidly. Sometimes it is unduly inflated, sometimes it is unduly depressed. Savings banks can only make loans on real estate, therefore the fluctuations of the market must be taken into consideration. There have been periods of depression here. Prices have gone down fully 15 per cent.

They may come again, especially in those days of boom. In fact, they are more than likely, they are certain. The wave of real estate speculation has its crest—it then breaks and there is a trough—a deep hollow depression. The deposits of sixty-six millions or upwards would, under a depression of 15 per cent., require a reserve fund of close on ten millions were there such a falling off. Of course, as real estate loans are invariably made on the basis of two-thirds the market value, a reserve fund of about six and a quarter million dollars would be needed. But a 15 per cent. depression is not likely to occur in our day and generation. The banks have provided against a depression of about 4 per cent. on the value of their loans, as their reserve fund, July 1, was \$2,856,814. Is this any too much? Common sense answers no! Yet it represents the accumulation of many years. The amount added to the reserve fund for the six months ending January 1, 1887, was \$168,915. This was done on an increase of loans during the time, of \$2,059,121, equal to eight per cent. This is not too much in any event, and if the banks had reserve funds of double what they have now it would be desirable rather than otherwise. This, however, in the case of all the banks except two, is taken from the ten per cent. of net earnings and has no interest for depositors in any event. Stockholders, dividends, reserve fund and all would not give more than two-fifths per cent. dividend additional. In the case of one of the leading banks of the city and State, the reserve fund exceeds a million and a half dollars and is equal to about fifteen per cent. on all loans contracted by them. It is not too much, and it is better to err on the side of safety than that of temerity. Every depositor is sure of getting his money back, no matter what happens, even should riots, a dry year or general business depressions do as it has done, create a drop in real estate values and a consequent panic. Such panics have heretofore wiped out, in some cases, reserve fund and all, and savings banks have failed through trying to pay too large dividends and neglecting to pile up sufficient security by means of a staunch reserve fund.

Complaint has been made of extravagant salaries paid to bank officials. "Well," as a bank president said to us, "you can't get a secretary for \$2.50 a day. They have to be honest and reliable and well acquainted with their work. Their services are worth a good price, and they get it. Legislators are not willing to work for \$2.50 a day. They get \$8 per day—not too much for an article of good quality—and bank officers expect to be dealt with just as liberally. If they are not, inferior men are had, who not only do not earn anything for depositors, or ought else, but who inevitably lose the money intrusted to their care, even if they do not run away with it. How many Senators or Assemblymen would be willing to take the position of president or cashier of a savings bank at any less salary than is now actually paid? We venture to say of competent men, not one. As to the charge that officers get unusual dividends, they do so only as stockholders, and out of their one-tenth. Reference was made to the fact that some of the banks had been wrecked by the sale of real estate taken at low prices. Well, so it is. A few years ago, when the new constitution was adopted, we had very hard times in California, and the banks were obliged to take a great deal of real estate for debt. The Banking Commissioners made them write

off a good percentage of it. This they did, and the percentage thus written off had to come from the reserve fund. It so happened that the valuation made was too low and that the real estate was sold at a good profit, but as the depositors had no share in the making good the losses they were not justly entitled to any of the increased receipts from sales. These went back to the reserve fund, whence they were taken.

The committee sought to enlighten their brother legislators on the way in which the banks loaning out money on deposit at the rate of 4 per cent. were enabled to pay 4 per cent. dividends to depositors and still larger ones to stockholders, and state that it was done through the stockholders in getting the dividends on unclaimed deposits amounting to millions.

This statement, if coming from any one but a legislator, would be styled an exhibition of *crasse* ignorance. They do not loan money at 4 per cent., but at 6 and 7 per cent. The dividends accruing are not given to stockholders, but they are simply kept in the banks ready to pay out whenever the depositors or their heirs call for them. This has to be done. In Rhode Island a depositor in a New York savings bank, who was supposed to be dead, had his deposit paid over to the State. He turned up afterwards, and at law received his money. Then the bank had to pay out twice, as there was no record of its ever being recovered from the State. This accusation is absolutely without foundation, and our savings bank managers will only too gladly give all necessary facilities for those who made it to prove it.

In fine, our Legislature had better detail a committee of practical men to examine into this matter before any action is taken. Let them come down and examine the banks, but do not let them sap the foundations of the edifice of people's savings. The reserve fund is the very cornerstone, and the men who give their money and time to the conduct of such institutions have as good a right to receive dividends as other people. If the stockholders of savings banks were making 12 or 13 per cent., every corner would have its savings bank.

The following bill has been presented as a substitute by the Committee on Banks and Banking, in regard to the government of savings banks and for the protection of depositors:

Section 1. Whenever the "Reserve Fund," or the "Reserve and Profit and Loss Fund," or the "Contingent Fund," or "Other Liabilities," or any one or all of these aggregated together with any other fund, by whatever name or names it may appear on the books, the same being in whole or in part undivided earnings of deposits, or of a savings bank, or earnings of the bank, shall in their aggregate exceed an amount equal to 2½ per cent. of the bank's liabilities to depositors, the excess shall be added to other earnings, and distributed to depositors by dividends.

Sec. 2. No dividend shall be declared or paid by any savings bank upon any fund or money, the same being in whole or in part the earnings of deposits, or the earnings of the said fund or money itself, and having been at any time withheld from dividend to depositors.

Sec. 3. It shall be unlawful for any savings bank, having a capital stock, to declare or to pay any sum as dividend upon its fully paid up stock in excess of 6 per cent. per annum upon the par value of the same; and if not fully paid up, then no dividend shall be declared or paid in excess of 6 per cent. per annum upon the sum actually paid.

Sec. 4. It shall be unlawful for any savings bank to exact or receive fees from depositors for any service or duty connected with the transaction of its business, nor shall it upon any pretext permit its attorney to charge or receive any fee from borrowers of the bank, under the guise of examination of title to property offered as security for loans, or upon

any other pretense whatsoever; and it is hereby made the duty of attorneys for savings banks, without cost or charge to the customers of their banks respectively, to examine and report upon abstracts of title, and to do and perform free of charge, except such as may be covered by salary, all that may be required of them in the business of making loans, and of collecting the same, whenever necessary by process of law.

Sec. 5. It shall be the duty of the Board of Bank Commissioners, without unnecessary delay, after the passage of this Act, to cause the books and accounts and methods of bookkeeping of each savings bank in the State to be thoroughly experted, at the cost and charge of said banks respectively, and thereafter to be so experted at least once in each year. In such experting particular attention shall be given to the question of escheats to the State, and it is hereby required that all such moneys shall be promptly paid into the State Treasury, also to each and every provision of this Act, that evasion of the same shall in no manner be disguised.

Sec. 6. It is hereby made the duty of the Bank Commissioners of the State strictly to enforce the provisions of this Act, and in any and all cases of evasion or refusal to obey the same then to proceed at once by suit against such banking corporation, as provided in Section 11 of the Act of March 30, 1878, to enjoin and prohibit it from transacting any further business.

NEW YORK STATE SAVINGS BANKS.

The annual report of Willis S. Paine, superintendent of the banking department, relative to the savings banks and trust companies of this State, is a lengthy document, covering 47 pages of type, and gives an exhaustive review of the operations of the savings banks during the year 1886, with many suggestions which will prove of practical value. The statements of the banks as made to the department show that they are in a healthy financial condition. The aggregate resources of the banks, trust companies, and safe deposit companies on January 1, amounted to \$963,759,753.10, showing an increase during five years of \$283,179,671. During the year three new savings banks have been opened, including the City Bank of Brooklyn, and one in Chautauqua County has been closed. There were in the State on January 1, 124 savings banks, of which 115 were engaged in active business. The total resources of these savings institutions were \$568,276,867, an increase during the year of \$28,609,137. The total of their mortgage loans was \$169,972,875, and they held stocks and bonds of the par value of \$275,029,114, and the market value of \$333,966,458. The loans on collaterals amounted to \$14,425,589.

The present estimated value of the real estate held by the savings banks is \$8,034,653, of which \$6,530,271 represent the aggregate market value of the bank buildings. The remainder has been acquired by the several banks through foreclosure proceedings, the only manner in which they are allowed by law to invest in real estate. The aggregate of the deposits held by the savings banks on January 1 was \$482,486,730, an increase for the year of \$25,436,480, and the number of depositors was 1,264,535, an increase during the year of 56,493. The average of each amount on January 1 was \$381.55. Dividends were paid to depositors during the year 1886 amounting to \$15,777,022, a net increase over the preceding year of \$625,043.

Superintendent Paine repeats his suggestion of last year that it is in-

expedient to increase the scope of the investments which savings banks are authorized by law to make. A scrupulous adherence to the theory that safety and availability are of much greater importance than any small difference in the rates of interest paid to depositors, is shown by experience to be justified. The banks were not created for the purpose of accumulating large sums on deposit, but to afford the laboring population and others of limited means a place where their small deposits would be safely kept, and be immediately available on demand. Safety and availability should be the supreme tests in investing these trust funds. A high rate of interest is of slight importance compared to absolute security and convertibility of the principal.

Fifteen of the failed savings banks have been finally closed after paying dividends to depositors and creditors ranging from 15 to 88 per cent., and the receivers of three banks, after having deposited with the superintendent all dividends not claimed by depositors or creditors, have been discharged from their trusts.

At the beginning of the year 19 trust, loan, or mortgage companies had reported to the department, having total resources amounting to \$189,167,452.31, and an excess of assets over liabilities of \$2,386,751.40.

A large portion of the report is devoted to discussing the question of the advisability of allowing savings banks to accept searches of records of real estate from the corporations recently formed for making such searches, instead of from county clerks and other officials. The superintendent thinks that the responsibility for damages caused by errors in searches is greater in the corporations than in the officials. He has, therefore, not thought it best to arbitrarily restrict the banks to one particular method of searching, when another offers equal or better security. Mr. Paine also discusses at some length the kindred subject of registration of title to land, and, after showing the necessity of some change in the present cumbrous system, gives the weight of his influence to the proposed "block system" of indexing, which, he says, unites the virtues of simplicity and definiteness.

THE CURRENCY PROBLEM.

A prominent business man of the City of Louisville, says the *Courier-Journal*, proposes an expedient for maintaining the National bank system without cost to the people in the way of interest on the bonds used as a basis of circulation. His plan, which is said to meet with favor among well-informed men, contemplates the issue of non-interest bearing bonds, with the privilege conferred upon banks of obtaining note issues thereon to amounts equal to the par value of such bonds deposited in the Treasury. This proposal, to call things by names in common use, is simply that the Government shall issue non-interest bearing certificates against deposits for stated terms for the banks to use as a basis for the issue of notes. The plan may be regarded from two standpoints. From the bank standpoint it would offer no inducement to banks to act upon it, as it would be equivalent to a plan for the depositing of, say \$100,000 in gold for \$100,000 in notes. It would, therefore, involve a merely neutral operation, attended with some little expense and trouble, while utterly barren of results. From the Government standpoint it would be equally so, as people who can deposit gold or silver can now obtain 100 per cent. thereof in certificates which circulate quite as well as the proposed bank notes. The abolition of the bank tax and the removal of certain annoyances incident to the present system, would have no bearing whatever on its success.

WAGERING CONTRACT.

QUEEN'S BENCH DIVISION.

Lilley v. Rankin.

The consideration of a bill of exchange or promissory note given in respect of gambling transactions being void only and not illegal, an indorsee for value can recover on it, and notice of its having been given in respect of such transactions does not affect the right to recover.

Before HUDDLESTON, B., and SMITH, J.

This was a motion to set aside a verdict obtained by the plaintiff, and for a new trial, on the grounds that the verdict was against the weight of evidence and misdirection of the judge.

The action was tried before Manisty, J., and a special jury, and the material facts are set out below.

The action was brought by the plaintiff on two promissory notes given by the defendant to one Baird and indorsed by him to the plaintiff for value under the following circumstances:

The defendant, Rankin, employed Baird as an outside broker to conduct dealings in stocks and shares, which were admitted to be gambling transactions. Baird, in his turn, employed the plaintiff, Lilley, as a stockjobber, to conduct the buying and selling of the shares.

Baird and Lilley occupied contiguous rooms and had a telephone in common. They kept joint books, and shared the commissions made by their dealings.

The speculations of the defendant went against him, and in August, 1885, Baird closed his account because he failed to find the money to cover the differences in the prices of the stock. At this time Rankin's account with Baird showed a balance due from him of over £2,000, and to reduce the amount he gave Baird two promissory notes for £1,000 and £800 each.

At this time Baird was indebted to the plaintiff over £10,000, and he indorsed over to the latter the two notes in respect of this debt.

Lilley brought his action on these notes, and Rankin brought in Baird as a third party, and by way of counter-claim brought a cross-action against the plaintiff and Baird for conspiracy to defraud him, and alleging that the plaintiff when he took the notes was aware of their having been given in respect of gambling transactions.

At the trial the judge nonsuited Rankin in his cross-action against Baird in respect of the charge of conspiracy, and the jury found for Lilley, the plaintiff in the original action, that the transactions between him and Baird were *bona fide*, and that he gave consideration for the notes, and a verdict was entered for him on those findings.

In the course of the trial the learned judge was asked, but declined, to put the question whether Lilley, when he took the notes from Baird, had notice that they had been given in respect of gambling transactions between Baird and the defendant Rankin.

The defendant Rankin moved to set aside the verdict obtained by the plaintiff, and for a new trial, on the ground that the verdict was against the weight of evidence, and of misdirection of the judge at the trial in (*inter alia*) (1) refusing to leave to the jury any question as to whether the transactions between the defendant and Baird, or between the defendant and the plaintiff, or between the defendant and Baird and the

plaintiff, were gambling transactions or in the nature of wagers; (2) refusing to leave to the jury the question whether the plaintiff had notice that the transactions between the defendant and Baird were gaming and wagering transactions.

By 8 & 9 Vict. c. 109, s. 18:

"All contracts and agreements, whether by parol or in writing, by way of gaming or wagering, shall be null and void; and no suit shall be brought or maintained in any court of law or equity for recovering any sum of money or valuable thing alleged to be won upon any wager, or which shall have been deposited in the hands of any person to abide the event on which any wager shall have been made."

HORNE PAYNE, Q. C. (A. MCINTYRE with him).—This verdict ought to be set aside. These notes were given in respect of illegal transactions between Rankin and Baird; and, even if valuable consideration was given for them, they cannot be made the subject of a suit. The misdirection of the learned judge at the trial consisted in part in not explaining what was true and valuable consideration. The facts of the case show that the plaintiff must have known the true nature of the transactions between the defendant and Baird, and if he knew that they were gambling transactions, and that the promissory notes were given in respect of them, Lilley, the plaintiff, cannot recover on them, even if he gave money's worth for them. The plaintiff by counter-claim was wrongly nonsuited in respect of his claims against Baird.

G. E. LYON (BIGHAM, Q. C. with him) was not called upon to argue on behalf of Baird, the motion against whom was refused during the argument.

MORTON, DANIEL, for the plaintiff.—This motion ought to be refused. These notes are within Sect. 18 of 8 and 9 Vict. c. 109, which renders them in respect of their consideration void, and are not illegal, as they would be if within 11 Anne, c. 14. There is no evidence of any notice on the part of the plaintiff that these notes had been given for gambling transactions; and if there were, it would be immaterial, as there was valid consideration given for them: *Fitch v. Jones*, 26 L. J., 293, Q. B.; 2 E. & B., 238; *Beeston v. Beeston*, 33 L. T. Rep. N. S., 700; 1 Ex. Div., 13; *Thacker v. Hardy*, 39 L. T. Rep. N. S., 595; 4 Q. B. Div., 685.

This contract is void only, and not illegal; and though I admit that a bill or note given for an illegal consideration and indorsed over to one who has given valuable consideration with notice of its illegality, could not be sued on; yet, when the consideration is only void, *i. e.*, not tainted with illegality, an indorsee for value, even with notice, may recover on it. 5 and 6 Will. 4, c. 41, does not apply, for that statute deals with illegal considerations.

HORNE PAYNE, Q. C., in reply.

HUDDLESTON, B.—This was an application for a new trial on two grounds: first, that the verdict was against the weight of evidence; secondly, misdirection by the judge at the trial, Manisty, J. As regards the first ground, I do not think that Mr. Horne Payne seriously could suggest that the finding was unreasonable. I think the jury were fully justified by the facts before them. It is material to consider the facts; they seem to be these: Rankin was dealing on the Stock Exchange, and it is admitted that he had gambling transactions, and employed one Baird as an outside broker to carry out his business. This fact was in the mind of the jury. Rankin transacted this business with his eyes open, and Baird carried out his designs and instructions. Now Rankin complains that Baird closed his account; but there was no contract on Baird's part to keep it open; indeed, he was justified in closing it. In the cross-action by Rankin a claim against Baird was added, and Rankin

was nonsuited. Lilley was a jobber, and employed by Baird to carry out the transactions of Rankin. As regards these transactions between Lilley and Baird, it was pointed out to the jury that the real struggle between the parties was, that Lilley and Baird were conspiring to defraud Rankin; they had offices adjoining, a telephone between them, they had books in common and shared commissions. On these facts the jury might have inferred an improper and even fraudulent purpose between Lilley and Baird; but they found that Lilley had actually advanced to Baird over £10,000, and that Baird, pressed by Lilley, had handed to him these two notes in partial liquidation of the account. They found that he had *bona fide* passed on these notes to Lilley, and they were justified in so finding. The only relations between the two were those of broker and jobber, and there was good consideration for the notes. The jury believed the story as put forward by Lilley and Baird, who were both called. Mr. Horne Payne says the question put to the jury amounted to misdirection; first, because the judge did not ask the jury whether these transactions were not gambling transactions—that is, whether the notes were not given in furtherance of gambling transactions between Lilley and Baird; secondly, because, though asked, the judge declined to ask the jury whether Lilley, when he took the notes from Baird, had notice as to the state of circumstances between Rankin and Baird as to gambling. As to the first point, it was not put to the jury, but the judge was never asked to put it; if he had done so, the jury would no doubt, after having made up their minds that the transactions were *bona fide* between Lilley and Baird, have said that they were not given in furtherance of gambling transactions. If it does amount to misdirection, it is clearly not such misdirection as to justify this court in granting a new trial, looking at Order XXXIX, r. 6. As to the second point, that the jury ought to have been asked whether Lilley was aware of the state of circumstances between Rankin and Baird, it would have been a good point if the transactions between the two had been illegal, but not if merely void. The statute of Anne (9 Anne, c. 14) voided bills and notes given for certain purposes, and by 5 and 6 Will. 4, c. 41, s. 15, such notes were deemed to be not merely void, but as given for an illegal consideration. Now, if these notes had come within the effect of the 9 Anne, c. 14, the statute of 5 and 6 Will. 4, c. 41, would have made them illegal; but they do not, and 8 and 9 Vict. c. 109, s. 18, need only be looked at, which enacts that contracts by way of gaming or wagering shall be void, and not recoverable by legal process. I will do no more than mention the cases of *Fitch v. Jones*, 24 L. J. 293, Q. B., and *Beeston v. Beeston*, 33 L. T. Rep. N. S., 700; 1 Ex. Div. 13, which go to show that notice of the voidness of the consideration is no defense to an action on a bill or note if it be proved that the holder gave valuable consideration for the instrument, which is the present case. It is true that Manisty, J. did decline to put this question to the jury, and I think he was right in so doing; but, even if he had been wrong, looking at the whole of the circumstances, the omission to put it was not one which would work prejudice against the defendant. This motion must be refused.

SMITH, J.—This was an action brought by Lilley against Rankin on a note made by Rankin in favor of one Baird, who indorsed it over to Lilley. In the action by counter-claim, Baird was joined as a defendant for closing Rankin's account, and the latter was nonsuited in this action. I thought at one time that the second question mentioned by Mr. Horne Payne ought to have been put to the jury, that is, the question whether Lilley took the notes knowing of their illegality, because, if so, Rankin would have had a defense; but Manisty, J. was right when

the various statutes were looked at, for the consideration for these notes was not illegal, for it falls only within the category of void considerations under 8 and 9 Vict. c. 109; that is, the notes were as though made without consideration at all, and notice was immaterial. It might have been that the note was an accommodation note between Rankin and Baird, and that Baird had indorsed it over for value to Lilley, in which case Lilley could recover on it. I am satisfied that this note was not tainted with illegality, and consequently that notice of its having been given in respect of gambling transactions was immaterial. There was ample consideration for the indorsement of the note by Baird to Lilley.

Motion refused.

BILLS OF LADING AS COLLATERAL.

The following letter was addressed to the New York *Journal of Commerce*. The answer, which also appeared in that paper, has much practical interest to bankers:

The direct export of goods, especially of cotton, from inland points in the United States to European ports having lately assumed great dimensions, it has become of great importance to the consignees of such goods, who are expected on delivery of the bills of lading to accept the bills of exchange drawn by the consigner against the shipment, to ascertain whether the bills of lading which are issued by the railroad company's agent at the shipping station offer to the consignee a full security for correct delivery, equal to that offered by bills of lading that are signed by the master of a vessel.

The principal questions which would seem to arise will be the following:

1. Is the railroad company fully responsible for the signature of its agent?
2. May not a creditor of the consigner seize the goods before they get shipped on board a vessel, thereby preventing their delivery to the consignee, notwithstanding that the latter has received the bills of lading signed by the agent of the railroad company, and has accepted the drafts drawn by consigner on delivery of the goods to the said agent? With regard to this question, it has to be considered that often the goods are not put on board the vessel named on the face of the bill of lading, but on board of any other vessel, whose name is not made known to the consignee.
3. May not difficulties or losses arise to the consignee from the fact that he has no knowledge of the name of the vessel by which the goods are shipped to him?

ANSWER.—The question first stated is of special interest to bankers, commission merchants and consignees generally. It formed a subject of discussion at the convention of American bankers in Boston, last summer, and has in some instances, to our knowledge, been made a matter of special investigation by bankers in this city. The question was one of those taken into consideration by the officers of the Produce Exchange Bank before entering into the business of dealing in foreign exchange. The possibility of banking on false bills of lading is in fact distinctly recognized as a danger, though of course not as one commonly present.

So far as ocean and vessel bills of lading generally are concerned, it is well settled both in England and in this country that such bills, issued without receipt of the property described into the custody of the vessel, do not bind the vessel owner, and are therefore valueless in the hands of a banker or other holder. The Maryland Supreme Court has stated the case clearly in the following extract :

In *Grant v. Norway*, 10 C. B., 665, where the question was for the first time distinctly presented for adjudication in England, the Court of Common Pleas, after full consideration, held that the master of a ship signing a bill of lading for goods which had never been put on board, is not to be considered the agent of the owner in that behalf, so as to make the latter responsible to an indorsee of the bill for value. That decision settled the law in England. It has been followed in many cases in which, in extension of the same principle, it has been held that a bill of lading so signed is not conclusive against the owner as to the *quantity* of goods or cargo shipped. Among the recent cases on the subject is that of *Jessel v. Bath*, L. R., 2 Exch., 267, from which we learn that Parliament, in legislating in the matter, has gone no further than to enact that "every bill of lading in the hands of a consignee or indorsee for valuable consideration, representing goods to have been shipped on board of a vessel, shall be conclusive evidence of such shipment, against the master or other person signing the same, notwithstanding that such goods or some part thereof may not have been so shipped." This Act leaves untouched the principle and rule of law before stated, which has been thus firmly settled by the courts, and the vast maritime commerce of England has been, and is to this day (1876), conducted subject to, and in recognition of that rule.

In this country the Supreme Court of the United States in *Schooner Freeman v. Buckingham*, 18 How., 182, adopting the case of *Grant v. Norway*, have decided that neither the owner nor the vessel is responsible to an innocent purchaser or holder of a bill of lading signed by the master for goods not actually shipped and intended as an instrument of fraud. (*Baltimore and Ohio Railroad v. Wilkens*, 44 Md., 11; s. c., 22 Am. Rep., 26.)

In the case where the above language was used the bills were issued by an agent of the "Continental Line," an association of railroads to which the Baltimore and Ohio belonged, for eleven car loads of corn which were never received or shipped. The agent, McCluskey, was also a merchant doing business at Owanico, Ill., where the bills were issued, and drew against them on Benninghaus & Co., of Baltimore. The latter made fruitless efforts to make good their loss out of McCluskey, and then sued the railroad company. In considering the point that the documents in question were railroad and not vessel bills, the Court forcibly asked, what good reason exists why the principles just stated should not apply to them as well as to bills of lading used in shipping? The answer was, "We see none," and the judgment was accordingly in favor of the railroad.

The same view was taken by the United States District Court for the western district of Tennessee, in a case where Robinson, McLeod & Co., of New York, paid drafts with cotton bills of lading attached, issued at Jackson, Miss., by an agent of the Memphis and Charleston Railroad, without having received the cotton. The Court said: "It is thoroughly settled that there is no distinction between a bill of lading given by a carrier on land and one given by a carrier on water." In reference to some conflicting decisions which will be presently noticed the Court further said :

"The New York Commission of Appeals has deliberately overruled

both the courts of England and the Supreme Court of the United States, though the lamented author of Hutchinson on Carriers seems to distinguish the case, and the Court itself somewhat relies upon the distinction; and the responsibility for any want of uniformity on the subject must rest on that Court (*Armour v. Mich. Cent. R.*, 65 N. Y., 111). The Supreme Court of Kansas adopts this view of the New York Court in the case of *Savings Bank v. Railroad*, 20 Kansas, 519. On the other hand, the Supreme Courts of Maryland, Louisiana, Missouri, Massachusetts, and Ohio sustain *Grant v. Norway*, and the schooner *Freeman* case." (*Robinson v. Memphis and Charleston Railroad*, 9 Feb. Rep., 129.)

This case was decided in 1881, since which time the Pennsylvania Supreme Court has joined New York and Kansas in opposition to the current of authority. In the New York case the point on which the Court distinguished it from *Grant v. Norway* was the issue of the false bills to Armour & Co., the consignees, instead of the shipper Michaels. The latter was of course cognizant of the fraud, but Armour & Co. were not. But this distinction seems to have been made in order to avoid a plump rejection of the opposing authorities, and the doctrine of estoppel which the Court announced applies equally well to any of the cases cited. Commissioner Dwight, who delivered the opinion, said:

"The only remaining point under this branch of the case is whether the defendant (the railroad company) is not estopped by the statements in the bill of lading from denying that it had sufficient lard secured from Michaels to comply with its terms. The defendant's agent was informed by Michaels that the bills were to be used at bank on the same day. They were issued with the expectation that they would be acted upon by bankers or other capitalists. It cannot complain if the bills accomplished the purpose for which they were designed. The representations in the bills were made to any one who in the course of business might think fit to make advances on the faith of them. There is thus present every element necessary to constitute a case of estoppel *in pais*. . . . It is now well settled that fraud is not necessary to constitute a case of estoppel. Though the defendant was induced by the fraud or mistake of Michaels to issue these bills, that is immaterial."

These last expressions show that the Court would have come to the same conclusion in the case if the distinction before pointed out had not existed.

In the Kansas case the railroad agent was induced to issue two original bills of lading for the same lot of wheat. Both were negotiated, one, of course, representing no property shipped, and the Court treated it as a false bill, saying that the railroad company was "bound by the act of its agent, and therefore estopped from denying it had the grain stated in the bill sued on."

In the Pennsylvania case the false bill was issued in New York, and, the Court conceded, should be governed by New York law, but while admitting this fact, the Court took pains to express its approval of the New York doctrine, and announce its adhesion to the doctrine of estoppel. (*Brooke v. N. Y., L. E. and Western R. R. Co.*, 108 Pa. St., 529.)

There has been a late decision by the United States Circuit Court in Texas, in harmony with the current of authorities, holding that a false bill does not bind the railroad in whose name it is issued, but we cannot refer to it by its title.

The result of this examination is that except in New York, Pennsylvania and Kansas, so far as the question has been decided, a false bill of lading, whether railroad or vessel bill, is worthless even in the hands of a *bona fide* holder for value, and the weight of authority is so heavily on that side that the opposite doctrine does not seem likely to be fur-

ther followed. Perhaps on this last point, however, it would be better to observe Hosea Biglow's caution: "Don't never prophesy unless ye know."

With regard to measures which may be taken by bankers and consignees to protect themselves against the acceptance of false bills the main reliance must be, no doubt, as we have often said, upon character. This is the only solid ground of business confidence. There is a practical objection which bankers appreciate to the course suggested by the Tennessee District Court, but it may be worth repeating, nevertheless. "It is plain," said the Court, "that the Bank of Madison, when it discounted the draft and took the bill of lading, could have known, being in the same town, by sending a messenger to the agent, depot or warehouse of the company, that this was a false bill of lading. So although these plaintiffs in New York could not so readily have ascertained that fact they could have protected themselves by refusing to accept the drafts until the cotton had arrived or until by telegraph they had assured themselves of the existence of the cotton."

With regard to the other points suggested by our correspondent we answer:

2. A creditor of the shipper cannot seize cotton in transit to the detriment of one who advances on a bill of lading representing the property.

3. There is a disadvantage in a bill of lading covering goods to be shipped by a vessel not yet named, or not rightly named on it. This is especially true where the holder desires to protect his interest by insurance.

EUROPEAN BOURSES.

For transactions in international securities, the Paris Stock Exchange is ahead of all others and has been so for a long time. But it is essentially a *close corporation* in the strictest sense, and is without a peer in that respect, for barely sixty men, known as *agents de change* (official stock brokers) hold a monopoly of all stock exchange business in France, under and by virtue of a law that fixes their number inflexibly at sixty. To become one of this fortunate number, the position of a retiring *agent* has to be bought for about \$340,000, a further sum of \$60,000 has also to be paid as "caution money" with registration fees, etc., which, together, swell the total cost of a membership of this corporation to \$400,000—separate and aside from the not necessarily large capital requisite for the business transacted severally by these agents; not large, because clients or customers have to pay a day in advance of the date upon which all purchases may mature. However, before the succession to one of these sixty memberships goes into effect, the candidate must be approved by the managing committee of the Exchange and by whom his name is then submitted to the Government for final confirmation.

But, in the course of time, there has grown up another body of brokers doing business with the members of this monopoly but not directly upon the floor (*parquet*). These brokers form what is known as the *coulisse* (side scenes). The business of this *coulisse* has become very large; chiefly in speculative securities, including *rentes* and such foreign bonds as Egyptian, Spanish and the like, while the arbitrage business is chiefly in the immediate hands of this class of brokers. Technically, the business is illegal, as those thus engaged have no legal

way to form themselves into an association of their own. Meantime, the favored few of the *parquet* have recently made a regulation virtually inhibiting its members from having any dealings with the members of the *coulisse* upon any other terms than with an ordinary client or customer. This has started the idea of greatly enlarging the membership of the Bourse with a far more moderate cost of admission; preliminary to which reorganization, however, the old members are to be fully indemnified for their vested property rights. We must add that the Paris Bourse virtually controls the market in Indian, Spanish, Portuguese, Egyptian, and some of the Turkish issues of stocks and bonds, while the Berlin Exchange has come to be the chief market place for Russian and Hungarian securities, as the London stock market is the European focus for American railway securities.—*Financial Record*.

TRADING IN PRIVILEGES.

The Open Board of Chicago has been advised by its attorney that "trading in privileges is the only legitimate way of buying and selling grain or provisions except when the commodity is actually transferred and the money paid therefor." "This advice," says the *Chicago Tribune*, "is only open to question on the point as to whether that can be called a 'legitimate way,' which is no way at all. We have no desire to argue the matter as between the men who persist in 'buying and selling puts and calls,' and the State law which forbids them to do so, but it is strictly in order to call attention to the fact that such acts do not constitute 'business' in the proper sense of the term. They are nothing more nor less than gambling, unless it can be shown, as a saving clause, that the trading in these privileges is done as a protection to other trade. No one who is familiar with the thing as practiced up to a very recent date by members of both boards can truthfully assert that such a plea may be urged in mitigation of the charge of gambling. The privilege has come first, and trading in the ordinary way has followed if necessary to make such privilege profitable—otherwise not. There is not in it a single feature that entitles it to be classed with the insurance methods about which its advocates talk so much. It is nothing more nor less than a betting on the course of the markets for grain or provisions, and deserves no more respect than do the practices of gamblers in the bucket-shops and around a faro-table, or the methods of the pool room. They are all of a piece—so many coats cut from the same cloth, and if rightly judged will stand or fall together.

UNDER THE RULE.

"Of course the same may be urged against a great deal of the so-called business on 'Change, where the put and the call are forbidden. The rules of the Board of Trade provide for the actual transfer of the property to follow every bargain made between any two of its members, and such transfer is insisted on unless the terms of the bargain be canceled by a subsequent contract. But in only a small percentage of the deliveries made 'under the rules' is the property owned for more than a few moments by either party. The paper representing it is carried around from one to another, sometimes making the circuit of forty or fifty firms within the hour, and not infrequently landing back in the hands from which it started out on the mission of filling so many contracts between parties who had no possible use for it except to hold it

long enough to satisfy the requirements of a rule of the board. To consider this as real business, while denouncing the privilege as a mere gambling transaction, is to do what was once described as 'straining at a gate and swallowing a sawmill.'

OUGHT THE THING TO BE STOPPED?

"It is not possible, and scarcely desirable, to put a stop to everything that may be called gambling in produce. The property must be carried by somebody during the time that elapses between its production and its consumption. The use of capital in passing it over from the producer to the consumer is an absolute necessity, and the cost of the transfer would probably be considerably greater than now if it were absolutely forbidden to handle it with a hope of profit by a rise in value while in transit. The same hope animates the man who deals in groceries and dry goods and other commodities, and gives rise to legitimate business enterprise, which when excessive assumes the form of speculation. It is very hard to draw the line between the latter and the gambling which only aims to bet on the ups and downs of prices, but complies with certain trade regulations that give the transaction a business aspect. It perhaps would not be wise to say that the trading in puts and calls ought to be forbidden. But the fact remains that it is forbidden by the laws of this State, and no man who trades in them, knowing of the existence of such a law, is entitled to be called a good citizen. The members of both boards would be acting within the sphere of right and reason if they made a strong effort to procure a repeal of the law referred to, basing their appeal upon the fact that such trading is allowed in New York, and on the plea that the State has no right to curtail the privileges of its citizens in this particular."

EARLY ENGLISH BANKING.

1. In the month of January, 1377, Ralph Cornwaille, of Broad street, made a complaint to the Mayor and Alderman of the city of London. At the preceding Michaelmas he had been anxious to get a loan for a period of three months, and went to two brokers, one of whom was a Lombard, to procure it for him, at the same time promising them a commission for their trouble in the matter. The brokers found that Walter Southous was willing to lend the money (either his own or acting on behalf of a friend) on receiving security for the repayment of the full amount on a given day from Ralph Cornwaille, as well as similar security from Ralph's friend, John Tettesbury. When the necessary documents were complete, however, the brokers only advanced £10 to Ralph; at the time of repayment, he tendered the £10, which was all he had had, but Walter Southous refused to receive it, persisted in his demand for £2 more, and sued Ralph before the sheriff, to his "great wrong and damage."

The case was a hard one according to modern ideas, for 20 per cent. was an extravagant charge for a three months' loan fully secured; but the wrong which rankled in the mind of Ralph was not that the interest was extortionate, but that he was called to pay interest at all—to return anything more than he had received—and his view of the case was fully indorsed by the city authorities before whom the matter was reopened. Some years before this time, King Edward III. had empowered the men of the city of London to form a special tribunal to deal with cases

of that sort. They had framed their own ordinances and they had full power to enforce them. In the present case, Ralph Cornwaille was declared free from all obligations in connection with the debt, and Walter Southous was condemned to be imprisoned till he made over double the £2 which he had tried to get by usury as a forfeit to the city of London. He had, with the cognizance of the brokers, disregarded the ordinances of the city of London against usury—ordinances which the public opinion of the day completely indorsed, and there could only be one result according to the law and feeling of the time when such conduct was brought home to him.

2. I have related the foregoing anecdote because it serves to bring out clearly the striking contrast between the fourteenth century and the nineteenth century view of the banker's calling. From the standpoint of the modern man of business the fourteenth century view is unintelligible; it seems utterly wrong-headed and absurd. But there are some minds which find an interest in trying to understand the feelings and opinions of bygone generations, as others may be keen in investigating the fossil remains of extinct creatures; and when we try to take this historical attitude we must remember that the business practice of each age has to conform to the physical and social condition of that age. The telegraph, the railway, and the steamer have made very considerable changes in the business practice of the present generation, but there is no reason to believe that the habits which are in vogue in the present day will remain unaltered for all future generations; the twentieth century may see new developments which will revolutionize the system on which business is now done. It is perfectly obvious that much of mediæval habit is unsuited to *our* times—but for all that the opinions of fourteenth century merchants were not absurd unless they were also *unsuited to their own time*. It is certainly true that the investigation of mediæval commercial practice and opinion has no direct bearing on the conduct of business in the present day, and, as life is short, there is ample excuse for ignoring the whole question as idle; but there is no excuse for condemning the commercial practice of the Middle Ages as in itself absurd, unless we first make an effort to understand it, and to realize the conditions in which mediæval commerce was carried on.

For myself, I cherish the belief that the men who built up the wealth and commerce of this great city were not mere fools, that though their ways were different from our ways, they may have been sensible and suited to a time when the conditions of industry and commerce were different from what they are now. We are often forced to give the benefit of the doubt to a contemporary whose transactions we do not quite understand, and to say "He probably knows his own business," and it is not too much to ask that we should extend the same charitable judgment to the merchants of bygone days, at a time when the prosperity of this city was rapidly advancing; Richard Whittington and other such men probably knew their own business; and if we understood the circumstances and conditions of industry and commerce in their time at all clearly, we might see a good reason for much that appears absurd. It is the object of this paper to sketch the changes in the conditions under which business has been carried on, so as to account for the extraordinary contrast between the opinion of banking which was held by leading men in the city of London in the fourteenth century, and that which is current in the present day.

One other point I must insist upon for a moment: I shall be dealing throughout with city opinion—the opinion of business men, as shown in their petitions to the King, the ordinances of the Common Council, or

the laws passed in Parliament, as well as in pamphlets and books. There is a common prejudice afloat that during the Middle Ages commerce was enthralled by ecclesiastics, who showed the proverbial inaptitude of parsons for the conduct of business, but had the power of enforcing their stupid restrictions on other people. Now this is a very pretty theory, but unfortunately the facts are against it; as a matter of fact ecclesiastical agents were greatly given to banking business. Lombard street was full of Bardi, Frescobaldi, and others who were agents for the collection of papal taxation, and who constantly engaged in money lending; ingenious methods of evasion had been discovered, so that at the end of the fourteenth century the ecclesiastical authorities were powerless to repress the evil, and lay opinion and secular courts were taking up the subject with vigor. It is true that generations of Christian teachers had fostered and formed the deeply-seated and wide-spread repugnance to the trade of money lending as an obnoxious calling; but the ordinances and laws under which it was condemned, and the tribunals which punished usury, were not survivors of ecclesiastical tyranny, they were the exponents of popular commercial opinion on a point of morality about which the ecclesiastical authorities showed themselves miserably lax.

3. The conditions of business in the fourteenth century were such that banking operations were very circumscribed. The most striking difference between their times and ours is the entire absence then of commercial credit as a basis for transactions of any kind; there were no bank notes or checks, or other instruments of credit, except, perhaps, a few foreign bills. We must remember that transactions were carried on in bullion; men bought with coins and sold for coins; loans were made in coins and repaid in coins; a special coin was struck for payments to foreign countries; and thus the whole currency was metallic. There was no paper circulation of any kind; this continued to be the case for all practical purposes, till the latter part of the seventeenth century—a period which lies beyond the scope of this paper. Dealing for credit was little developed, and dealing in credit was unknown; hence there was no room for a large part of the functions of modern banking.

It might have been supposed, however, that there was scope for business in money changing; that just as the modern banker receives payments in "promiscuous money's worth," and converts them into money, so there was need of some men to distinguish the different values of the coins of different countries, and to supply merchants from abroad or merchants going abroad with current coin in exchange for the money they had with them. This was certainly a very difficult business; it was one in which Chaucer's merchant had great skill, and the necessity of accomplishing it somehow led at a later time to the establishment of the bank of Amsterdam. But it was not a calling which was open to moneyed men in London in the fourteenth century, as it was carefully preserved as a prerogative of the Crown, and exercised by royal officers, or merchants who farmed it from the crown for a period of years. The reason of this was obvious; the minting of money was one of the royal prerogatives, and the officers of the Exchange were empowered to see that no foreign coinage got into circulation in this country, but that it was sent to the mint for recoinage; and also that the English currency was not unduly exported. It was not unnatural therefore, that the business of exchange should be kept in the hands of officials, though freedom was granted to merchants to exchange with one another as long as they did not do it for gain, but only for mutual convenience.

4. While two of the principal functions of modern banking were not open to the moneyed men of the fourteenth century, they were also restricted in their operations, because the opportunities for lending out

money were comparatively few. The demand for money for commercial or industrial purposes, at the only rates at which men were accustomed to lend, was practically nil. It is not likely that the mediæval merchant was often able to make a profit on capital if he borrowed at 80 per cent., and, as a matter of fact, money was not borrowed except for emergencies—as in the well-known case of *The Merchant of Venice*. The emergency might arise in many ways; but it less frequently occurred in connection with trade than from the sudden pressure of taxation on a man who was really wealthy, but had no ready cash with which to defray these demands. Thus royal and papal agents had the most frequent opportunities for lending money to English subjects; the Jews had come over with the Conqueror and settled in the principal English towns to carry on money lending as a sort of royal monopoly, the Lombards had come as the agents of papal taxation. In these times taxes were levied in large amounts, which were demanded every now and then as occasion arose, and the Jews and Lombards lent money to the subjects who were suddenly called on to pay large sums which they did not possess; they might be wealthy landowners or merchants, but their wealth could not be realized, and the Jew or Lombard was able to take advantage of their necessity to charge exorbitant rates. Money lending in its beginnings here had nothing to do with commerce; wealthy men borrowed in an emergency, or to equip for a war; they could give ample security to the lenders, but the rate of interest they had to pay had no relation to the profits of commerce, for it was simply determined by the temporary necessity of the borrower. No wonder that the Commons complained that “many men had been undone and brought to poverty by this horrible practice.”

It is probable that even in an emergency merchants did not often have recourse to borrowing, as the guilds, which were such common institutions in the fourteenth and fifteenth centuries, enabled them, in some cases at all events, to get temporary aid; but for the ordinary course of business they preferred another expedient when they saw an opportunity of trading on a larger scale. They formed temporary partnerships, in which two or more persons joined in the risks of an enterprise on the understanding that they would share in the gains; this was lawful traffic as the men of London understood it, and men who had money lying by them might use it so as to gain by it fairly and honorably if they would share risks and profits with other merchants. There was no reason why a hoard should lie idle because it could not be borrowed on a promise for certain gain without risk, as it might be clubbed with the hoards of other men who shared risks and profits together. No objection, either ecclesiastical or popular, was made to such a manner of proceeding as this; while it was available there was no necessity to borrow capital for trading purposes; and hence the field for lending money was limited, although the rates at which it could be done were exceedingly profitable.

Lastly, and most important of all, there was in those days a comparatively small supply of money which could be loaned out; the whole amount of the precious metals in Europe was small, and though England had long carried on a prosperous trade, the drain for papal taxation and political purposes must have been considerable. In the reign of Edward III., indeed, the spoils of Calais and the newly planted industries may have combined to bring more bullion to England, and to render it more common for merchants or other burgesses to possess a hoard which they did not know how to use; but at all events it was convenient that the business should be carried on by the intervention of brokers, who brought the borrower and the lender together and had a commission

for their trouble; this seems to have been the nearest approach to banking during the fourteenth century in the city. The ordinances of 1363 mentioned above are very instructive as to the usual practice, and the opinion of the city authorities on the subject. "Whereas such bargains are but rarely carried out without false brokers, who, for their own profit, do often intermeddle so as to deceive both parties, the said good folks have also ordained and established, that all those who shall from henceforth be attainted of acting as brokers in such knaveries, shall, the first time, be put in prison one whole year; and if they shall be a second time attainted thereof, they shall forswear the said city forever, and shall be led through the city, with their heads uncovered, unshod, and without girdle, upon horses without saddles; and shall be so escorted from the midst of the place unto without one of the gates of the said city, that so all others may be warned through them, and be the more abashed to commit such or other like knaveries. And be it made known that the intention is of all the good folks that the punishment aforesaid shall be incurred as well by those who shall be attainted of being partners in the said bargains, as by the principals therein." Evidently an evil time for those who had hoards they were disposed to lend, or for the brokers who brought the lender and borrower together, and thus did banking business.

5. This general account of fourteenth century opinion may be rendered clearer if we revert to the consideration of the special case with which we started. Ralph Cornwaille went to the Lombard broker who was to negotiate the loan and get something for his trouble; so far, it was all right, no one took exception to such payment for a real service rendered. Walter Southous demanded full security that the money should be repaid at a definite date, and there, too, his conduct met with full approval from city men at the time. He might be inconvenienced if he lay out of his money beyond the given time and if the borrower did not keep his day; to avoid risks as to repayment and risks as to punctuality he was perfectly justified in seeing that the debt was amply secured. But when he went further than this and charged for the use of the money, public opinion did not support him. His money, it appeared, was safe; he was sure to get it back at the time he wanted it himself; and that being so, why should he charge for the use of it? He need not, they would have said, have lent the money unless he liked—unless it was lying idle in his strong box—but having lent it, why should he be paid for an action which involved no risk and no privation? Of course if there was risk, or if the borrower "broke day" and caused inconvenience, there was a reason for making a charge; but the case we have before us was typical of a vast number of transactions when there was no real risk and no real privation, and therefore, as men thought, no justification for taking *usury*, or *interest*, as it is more commonly called, in the present day. We may regard 80 per cent. as an excessive rate of interest, but the city men of 1377 did not condemn it because it was excessive; in their eyes it was wrong that there should be any charge for the use of money, of which the repayment at a given date was fully secured. "No risk, no gain" was their maxim of lawful traffic and therefore, from their point of view, the man who took security, or otherwise bargained himself out of all the risks of trade, had no claim to share in the profits.

What then were the reasons of a feeling which is at first sight unintelligible? Modern men would be inclined to say "that so long as the rate was not excessive, Walter Southous did a real service to Ralph Cornwaille by lending him the money when he wanted it, and that the Lombard showed himself a useful member of society by introducing the two and thus bringing about a transfer of capital, that was lying idle, into

the hands of a man who had occasion to use it. Such money lending was in itself useful to society; and even though risks were excluded by the terms of the bargain, the wealthy man required some inducement to render the other a service; had the city authorities not made regulations which rendered it necessary to do such business secretly he would probably have been satisfied with a moderate rate; Ralph Cornwaille had to pay highly for the accommodation, because of the mistaken attempts at regulation." Such I take to be ordinary city opinion now, that (a) money lending is useful to society by bringing capital into the hands of men who see their way to employ it well; that (b) people must have some inducement beyond security for its return, or they will hoard their money instead of allowing others to use it; and that (c) exorbitant rates have been brought about by mistaken governmental or ecclesiastical interference. From each of these propositions city opinion in the fourteenth century would have dissented.

To begin with (c), as a matter of fact, money lending for the sake of gain had first appeared in England under royal, and had continued under ecclesiastical patronages. The high rates paid to the Jews were not due to the risk incurred in evading the law, as there was no tribunal which could touch a Jew for his part in such business. The high rates obtained by the Pope's merchants were apparently charged under forms which were not condemned by the Canon law, and there was no appreciable danger of their being convicted in any of the ecclesiastical courts. The exorbitant rates were charged because there were comparatively few moneyed men, and these men were able to trade upon the necessities of their fellow subjects.

Again it would have been said in reply to (b), that the opportunities for gain which partnership afforded, were quite sufficient to draw out the hoards of the wealthy. "Let him have full security or let him have gain," but money was forthcoming without bribing men by offering both security and gain. Partnership in risks and in gains was the true way to develop sound enterprise; brokers would be well employed in arranging such partnerships, and there was ample inducement for the wealthy man to bring out his money and have it employed for him. But if he would not take business risks, he ought not to bargain for a share in business gains; however small the sum he asked might be, he was claiming an *assured* gain when the speculation might really fail, and the borrower have to pay for the use of money which had as a matter of fact proved useless. If he liked to lend money for which he had no use, and to require repayment at a given date, and get security for the repayment, good and well; but to ask for the most moderate usury for money he could not use, and would not risk, seemed to the men of that time quite unjustifiable and merely extortionate.

And hence the fourteenth century city men would have emphatically denied (a), since money lending was not useful to society according to their notions; apart altogether from the injurious effect on the morals of the lender, which the Church should look to, apart altogether from the injury done to the borrower who was lured by an unreal advantage to his ruin, it did mischief to society by hindering lawful traffic; just because men could make large sums by lending, they were less likely to join in partnerships, and undertake the risks of trading, though it was by "lawful traffic," and not by money lending, that the prosperity of the country was really developed. In so far as the wealth of moneyed men was diverted to usurious dealings instead of being employed in lawful traffic, there was a danger and not a benefit to society, for money was actually diverted from the directions in which it could be best used for the real advantage of the nation.—*Paper read before the London Institute of Bankers by W. CUNNINGHAM, Lecturer, Trinity College, Cambridge.*

[TO BE CONTINUED]

TRANSACTIONS OF THE SAN FRANCISCO CLEARING HOUSE.

JOHN MCKEE, President of the San Francisco Clearing-house.

DEAR SIR: I beg to submit for consideration the eleventh annual report of the Manager of the Clearing-house:

CLEARINGS.

The amount of clearings for the year 1886 were.....\$642,221,391 21
And for 1885.....562,344,737 93

A gain in 1886 of 14 2/10 per cent.....\$79,876,653 28

The amount of clearings by quarter year and year for 1886 and 1885 are shown in the following statement:

<i>Time.</i>	<i>1886.</i>	<i>1885.</i>	<i>Decrease or Increase.</i>
First quarter.....	\$137,848,228 98	.. \$139,071,972 57	.. \$1,223,743 59 decrease.
Second quarter.....	143,155,668 03	.. 134,578,014 01	.. 8,577,654 02 increase.
Third quarter.....	170,116,280 22	.. 140,473,867 82	.. 29,642,412 40 "
Fourth quarter.....	191,101,213 98	.. 148,220,883 53	.. 42,880,330 45 "
Year.....	\$642,221,391 21	.. \$562,344,737 93	.. \$79,876,653 28 increase.

The increase in third quarter of the year 1886 was largely owing to grain operations, and that in the fourth quarter to an active stock market:

The largest amount cleared on a single day in 1885 was on Dec. 2...\$4,905,160 71

The total clearings and balances for eleven years and average daily clearing for each year are given in the following statement:

<i>Year.</i>	<i>Clearings.</i>	<i>Balances.</i>	<i>Days.</i>	<i>Average Daily Clearing.</i>
1876 ..	\$476,123,237 97	.. \$164,804,707 74	.. 247	.. \$1,927,624 45
1877 ..	519,948,803 68	.. 126,172,850 21	.. 305	.. 1,704,750 20
1878 ..	715,329,319 70	.. 151,888,434 05	.. 306	.. 2,337,677 50
1879 ..	553,951,955 90	.. 129,561,079 52	.. 305	.. 1,816,242 50
1880 ..	486,725,953 77	.. 118,046,934 94	.. 304	.. 1,601,072 20
1881 ..	598,606,832 35	.. 125,388,744 81	.. 304	.. 1,969,397 50
1882 ..	629,114,119 81	.. 108,487,872 15	.. 303	.. 2,076,284 20
1883 ..	617,921,853 51	.. 107,269,494 53	.. 304	.. 2,032,637 70
1884 ..	556,857,691 93	.. 95,275,201 49	.. 304	.. 1,831,768 72
1885 ..	562,344,737 93	.. 100,460,388 52	.. 305	.. 1,843,753 24
1886 ..	642,221,391 21	.. 105,832,828 47	.. 301	.. 2,133,625 88
Totals ..	\$6,359,237,896 86	.. \$1,273,188,536 43	..	..

The clearings for the past few years have not been proportionate to the increase of the population of the City and State, owing to the decreasing value of commodities.

BALANCES.

The balances in 1886 were 16 5/10 per cent. of clearings, and amounted to.....\$105,832,828 47
And were paid as follows:

In Clearing-house certificates, 48 1/10 per cent.....50,880,000 00
United States gold coin, 51 9/10 per cent.....54,952,828 47

The payments of Clearing-house certificates in settlement of the balances in 1886 were 2 9/10 per cent. less than in 1885, and 13 34/100 per cent. less than in 1884, which decrease was largely due to the prevalence of ten-dollar pieces.

The average daily balance for 1886 was.....\$351,604 08
And for 1885.....329,377 10

The largest balance arising from a single day's clearings in 1886 was.....\$914,705 12

And paid as follows:

In Clearing-house certificates.....140,000 00
United States gold coin.....774,705 12

From March 11, 1876, to January 1, 1887, a period of nearly eleven years, the balances have been settled as follows:

In gold coin, 1876 to 1886 inclusive.....	\$1,036,075,800	17
In gold Clearing-house certificates, 1883 to 1886 inclusive.....	192,725,000	00
In gold United States Treasury certificates, 1883 to 1884 inclusive....	15,167,950	00
In silver coin, 1876 to 1879 inclusive.....	19,898,392	85
In silver Clearing-house certificates, 1877 to 1879 inclusive.....	9,307,700	00
In United States currency—one exchange in 1876.....	13,693	41
Total.....	\$1,273,188,536	43

Balances settled with coin in 11 years.....	1,055,974,193	02
Balances settled with paper in 11 years.....	217,214,343	41

Feb. 8, 1887.

Respectfully, CHARLES SLEEPER, *Manager*.

OFFICERS, 1887.

CLEARING-HOUSE COMMITTEE.

President, John McKee.

.. John McKee (*Chairman*) of Tallant & Co., Bank's.

Vice-President, David Cahn.

.. Thos. Brown, *Cashier* Bank of California.

Secretary, J. S. Hutchinson.

.. Ign. Steinhart, *Manager* Anglo-California Bank.

Manager, Charles Sleeper.

.. W. Lawson, *Agent* Bank British North America.

.. Howard Havens (*Sec'y*) of Donohoe, Kelly & Co.

INQUIRIES OF CORRESPONDENTS.

ADDRESSED TO THE EDITOR OF THE BANKER'S MAGAZINE.

I. RIGHT OF CHECKHOLDER TO DEMAND CERTIFICATION.

A presents a check to the bank improperly indorsed, which is refused. A demands that check be certified, which bank refuses to do. Can the bank be forced to certify the check?

REPLY.—Nothing is better settled than that a checkholder has no legal right to compel a bank to certify a check. Daniel in his *Negotiable Instruments* states the law as follows (§ 1601): "A check being always payable immediately on demand, the holder can only present it for payment, and the bank can only fulfill its duty to its depositor by paying the amount demanded. In other words, the holder has no right to demand from the bank anything but payment of the check. And the bank has no right as against the drawer to do anything else but pay it. Consequently there is no such thing as acceptance of checks in the ordinary sense of the term. . . . But still, *by consent of the holder*, the bank may enter into an engagement quite similar to that of acceptance by certifying the check to be 'good,' instead of paying it."

II. CHECK PAYABLE TO B OR BEARER.

A draws a check on a bank payable to B or bearer, B indorses it in blank and turns it over to C. C indorses it pay D or order. Can bank on whom drawn refuse without indorsement of D?

REPLY.—No rule of law ought to be more familiar to all bankers than the one that a check payable to a person named *or bearer*, is in legal effect payable to *any* bearer, and no indorsement is necessary to pass the legal title to it. Daniel on *Negotiable Instruments*, § 663, and cases cited. The negotiability of a check payable to bearer cannot be restricted by a special indorsement, and the bank is justified in paying to any bearer, notwithstanding such indorsement.

III. SUCCESSIVE INDORSEMENTS—PAROL EVIDENCE TO SHOW JOINT LIABILITY.

A and B are partners to whom C owes a debt, which he closes with a negotiable note to order of A alone. A and B indorse the note successively and use note for the benefit of the firm. C fails, and A, as first indorser, is compelled to pay the note to the holder. Can A show the facts by parol testimony and require B to share the loss, as upon a joint liability?

REPLY.—We have no doubt that this may be done. *Phillips v. Preston*, 5 Howard, 291. The proposed evidence will not contradict or alter any contract contained in the note itself. It will simply prove an additional contract between A and B, resulting from their partnership, to share any loss upon the note resulting from C's failure to pay it at maturity.

IV. COMPUTATION OF TIME.

A negotiable note, dated February 28th, four months after date, when will the said note mature? It is claimed by some that such a note would mature June 30 or 3d July. I think, however, it would fall due June 28 or 1st July.

REPLY.—You are right in thinking that the note would fall due June 28 or July 1. See Daniel on Negotiable Instruments, §§ 624, 625. *BANKER'S MAGAZINE*, vol. 34, p. 573, January, 1880. Vol. 40, p. 541, January, 1886.

V. CHECK PAYABLE TO FICTITIOUS PAYEE.

\$10,000.

THE MERCHANTS NATIONAL BANK.

February 21, 1887.

Pay to G. B. M. & Co. ten thousand $\frac{9}{100}$ dollars.
No. —

PETER JONES & Co.

I herewith hand you form of a check presented at this bank for payment. Please give me your opinion as to the bank's responsibility in paying said check in its present shape. You will see that the drawer has erased the words, or order. The check reads to G. B. M. & Co. with the words, or order erased. Does it make the check payable to bearer? Should the holder of the check, that is, the party receiving it from the drawer, lose it on the way to the bank and some one find it, could the party finding it claim that the check was payable to bearer, and demand payment of same? The drawer makes it read pay to G. B. M. & Co., knowing at the time that there is no such a firm and holds that it is payable to bearer. I take the position that the party presenting the check must be identified, as one of G. B. M. & Co., and in his failing to do so we are right in refusing to pay it. The party that questions this matter claims that the inclosed check is payable to bearer. Is there any responsibility assumed by the bank refusing to pay it without proper indorsement on same?

REPLY.—A rule has been established for the protection of innocent parties who take commercial paper in the ordinary course of business, that a bill, note or check made payable to a fictitious payee may be treated by a holder *bona fide*, for value and without notice as if payable to bearer, and recovered upon as such. Daniel on Negotiable Instruments, § 136. Morse on Banking, 2d ed., p. 254, and cases cited. This check, therefore, if paid by the bank at all, can only be paid as a check payable to bearer, and no indorsement of it can be made or should be required. Upon the authorities, if the bank can show that "G. B. M. & Co." is a fiction, it would no doubt be protected in paying the check to any bearer. Whether, as a matter of banking practice, a bank should pay such checks, without inquiry of its customer, is a different question. In our opinion the drawing of checks in this form should not be encouraged; and a bank would be justified in refusing to pay them at all, unless the fiction be sanctioned by a previous understanding between the parties.

VI. BANKER'S LIEN.

Will you kindly give the decision, if any has been rendered, on the following : John Smith, banker, discounts for Thos. Jones his note amply secured by real estate. Before note matures Thos. Jones leaves certain papers for collection and credit. This collection is not paid until after secured note becomes past due, and Jones has made no effort to settle. Can Smith apply proceeds of collection to pay the discount, Jones objecting ?

REPLY.—In Morse on Banking, 2d ed., p. 42, it is said that : "The rule may be broadly stated, that the bank has a general lien on all money and funds of a depositor in its possession for the balance of the general account." "When payment upon an overdraft, a discount, an acceptance or other species of advance or loan by the bank to him creates an indebtedness on his part, all the funds which the bank has or obtains to his credit may be applied upon such indebtedness until it is fully discharged. The funds thus applicable have been said to be not alone the general deposit of the customer, but any business paper, as notes or bills, belonging to him and which he has intrusted to the bank for collection." The authorities cited for the statement above quoted are mostly English, where banking methods are somewhat different from those followed in this country. Here the courts have not been inclined to follow the English doctrine to its full extent, as will be seen from the authorities upon the subject collected by Professor Bolles in his discussion of the *Relations Between Banks and Their Customers* in our last January and February numbers, to which we refer the inquirer.

In this particular case, however, we have no doubt that the banker may apply the proceeds of the collection to pay the overdue note which has been discounted. The proceeds of the collection are a mere indebtedness in account from the banker to his customer ; and the overdue note, although otherwise secured, is still an indebtedness from the customer to the banker, upon which the former is liable to suit, notwithstanding the fact that security has been given for it. If no lien exists by the law of the State where the case arises, statutes of set-off undoubtedly do exist ; and the banker, if sued for the proceeds of the collection, may have a set-off or cross-action for the amount of the note, and the same result will be reached, as if a lien, technically so called, existed. Whether the banker, in the particular case, should exercise this power of sequestrating the funds of his customer, is a matter entirely within his own discretion.

MR. AUGUSTUS M. SCRIBA has recently been elected Cashier of the National Shoe and Leather Bank, of this city, in place of Mr. Henry M. Knapp, who has resigned. Mr. Scriba is well and favorably known in financial circles in New York. He entered the Metropolitan Bank at the age of sixteen. He was at first one of the clerks in the uncurrent money department of the Metropolitan Bank, which was the redemption agency for the bills of the State banks. From 1861 to 1867 he had charge of this department with thirty to forty clerks under him. He left the Metropolitan Bank in 1867, and in 1872, when Chas. A. Meigs was appointed bank examiner upon recommendation of the New York Clearing House, Mr. Scriba was appointed assistant examiner. He held that position for twelve years, and upon the death of Mr. Meigs in November, 1883, Mr. Scriba was appointed his successor, upon the unanimous request of the New York Clearing House, to whom the nomination of the appointee to this office had been conceded by Secretary of Treasury Boutwell, during General Grant's first administration. Mr. Scriba's services as Bank Examiner were thoroughly appreciated by and decidedly satisfactory to the banks of this city.

BOOK NOTICES.

A Treatise on the Law of Commercial Paper, containing a Full Statement of Existing American and Foreign Statutes, together with the Text of the Commercial Codes of Great Britain, France, Germany and Spain. By JOSEPH F. RANDOLPH, of the New Jersey bar. In three volumes, with appendix. Jersey City, N. J.: Frederick D. Linn & Co., Law Publishers and Booksellers. 1886.

Whenever a new treatise appears on any portion of the legal field that has been written over, the first response too frequently heard is of a somewhat derogatory nature. If the familiar expression; "What has he written that book for?" be quite colorless when ordinarily applied, it is not so when applied by the lawyer to additions to legal literature. Nevertheless, new books are appearing on old themes, and many of them are of considerable value. Indeed, it may be truly said that notwithstanding the large number of legal works embodying legal decisions, only a few are of a very high order of excellence. Every book is infected with some error, and to write one on a very extensive subject, which shall be almost wholly free from it, would require a lifetime. To do this would require a careful study of all the cases—a task of grave magnitude. But while this is rarely done, it may be said that every conscientious and capable author who enters an already worked field discovers some at least of the errors of his predecessors, and while he probably adds others to the list, yet the net result is a smaller number. Hence, the work of every painstaking author ought to be received with pleasure, for it means that the practicing lawyer has a safer guide than he had before.

Of course, the courts are constantly rendering new decisions, which justify new books, or necessitate the revising of the old ones, in order to keep the lawyer's mastery of the subject complete.

Mr. Randolph has written an excellent work. In his preface he says that he "has ransacked the entire body of reported American and English cases and of modern text-books upon this subject, as well as the whole mass of American, English and foreign statute law, verifying, correcting and rejecting citations, and aiming throughout at a correct and concise statement of the points decided and enacted, without opinion or comment of his own." The two volumes that are before us show a careful study of the cases, and their arrangement is good. The work will doubtless prove a valuable aid to all who have occasion to know and apply the law on this important subject. No principles are more frequently applied, and while most of them are quite simple, yet they are numerous, and by thus bringing them all together, the author has rendered a valuable service to those for whom he has specially labored. The date of many of the decisions is given, and from a somewhat extensive testing of his references they are more accurate than is usually the case. Too often legal writers get tired of their work by the time their manuscript is ready for the printer, and the tedious but needful work of verifying is left to a less competent hand. We could name many a work having a

carefully written text that is sadly defective in its references. On the whole, this work will rank among our most carefully prepared and valuable legal treatises.

Railway Practice: Its Principles and Suggested Reforms Reviewed. By E. PORTER ALEXANDER. New York and London: G. P. Putnam's Sons. 1887.

Until a very short period, only a very few writers had devoted much attention to railroads, except those employed on newspapers, and who, in most cases, never did anything more than to glance at the subject. Even now, no history of American railroads exists; a few companies have prepared histories of their organizations, but nothing more has ever been attempted. Investigations into the ways of conducting the business have been frequent, the anti-railroad speechmaker has always been with us, but at last we have awakened to the importance of studying this problem, which is so intimately bound up with the prosperity and happiness of the people.

Mr. Alexander deals with the question of railroad tariffs. "Briefly," he says, "the principles upon which railway tariffs must be formed may be summarized as follows: They must not exceed a reasonable profit to the carrier as a maximum; and may be reduced to what the traffic will bear as a minimum, if it does not involve the carrier in actual and permanent loss. Between these limits they should be adjusted in proportion to value of service rendered." As the basing of rates on the value of the service rendered must necessarily result in discriminations, this subject is first considered, then the short *versus* long haul and pools, the work closing with some well-matured thoughts of a reformatory nature. It is a timely book and is worth reading by all who are interested in this subject.

Economics for the People—Being Plain Talks on Economics, especially for Use in Business, in Schools, and in Women's Reading Classes. By R. R. BOWKER. New York: Harper & Brothers. 1886.

The author says in his preface that his little book "is an endeavor to set forth the principles of economics so as to make them plain and interesting to all readers, illustrating them from American facts, so that at the end of the book the reader will have a fair knowledge of the economic history and condition of our own country." He adds that "it is the work of a business man, drawn largely from business experience." The work is divided into thirty short chapters, which give, therefore, a bird's-eye view of a very considerable field. The author's style is concise and simple, entirely free, in truth, from the ponderous utterances that are generally found in works on political economy. Mr. Bowker has kept steadily in mind a simple and interesting presentation of the leading economic principles, and we think he has much reason for believing that he has been successful in his task.

Studies in Modern Socialism and Labor Problems. By T. EDWIN BROWN, D.D. New York: D. Appleton & Co. 1886.

This volume consists of fourteen discourses turning on the moral or ethical element in economic conduct, and deals chiefly with Socialism, of which Dr. Brown is neither an unqualified admirer nor a mere opponent. After a brief

survey of the existing discontent and its causes, he permits the Socialist to state his case in full and arraign society for what he regards as its crimes. Following this is the main body of the work, in which the author punctures fallacious theory and ventilates errors of fact.

There is no doubt that the Socialist has ground for much of his complaint against the existing state of affairs. The telegraph monopoly, the petroleum monopoly, the coal syndicate, the whiskey ring, the telephone monopoly, all these monopolies that fleece the consumer for the benefit of the producer he points out as the natural fruit of our present system of society. But although these abuses exist, the tendency is to destroy, not to perpetuate them. The chief maxim that lies at the base of Socialism is "Labor produces all things, and therefore to labor all things should be given." Regarding capital as so much accumulated labor, the proposition is true, but the fallacy lies in letting labor stand for both capital and labor in the proposition and for labor alone in the corollary. Labor alone does not produce anything. It must have tools and materials. In the rudest state of society conceivable, nature furnishes these, the seed and the pointed stake, but in a condition of civilization these elements of production are supplied by men who have stored away the results of their own and their fathers' labor to supply just such a need. Wages are the reward of toil and interest is the reward of sacrifice. Take away the inducement to save and you reduce mankind to the condition of the beasts of the field. The work is a welcome contribution to the greatest question of our time.

THE BANKS AND HOLIDAYS.—Counsel for the Clearing House recently forwarded to the Senate Judiciary Committee a draft of a bill which the banks propose as an amendment to the Saturday half-holiday bill of Senator Reilly. Should the bankers' amendment become law, a Saturday holiday will make no difference whatever to banking procedure. The Senate bill, however, will work great injustice to the financial institutions of the city, seeing that under it business will have to be transacted either before or after the day named for a legal holiday. This will cause confusion and embarrassment, but there is no probability that the country Senators will generally endorse it. Senator Reilly, however, is desirous of meeting the banks' wishes, but in reference to his own bill, he said to a *Bulletin* representative: "I am anxious to do what I can, but I don't intend to injure my chances of getting some bill through by accepting the New York Clearing House amendment. It won't do, I have made up my mind to get some bill passed in the interest of labor, and of course am anxious to have as little friction as possible with business interests. The banks could manage to do their work all right if they wished to. They seem to think that we are not entitled to any consideration, but I must do the best I can for those I represent."

THE INTER-STATE COMMERCE BILL provides that charges to all persons shall be the same for a like and contemporaneous service in the transportation of a like kind of traffic under substantially similar circumstances and conditions. What is a "like service" and what are "substantially similar circumstances and conditions"? Probably no provisions of the Inter-State Commerce Act will involve more dispute than these phrases, and if the questions were to be solved for the first time in this country, great and almost inextricable confusion would be inevitable; but similar terms, and in some instances identically the same terms, have been used in the Railway Acts of Great Britain for more than thirty years, and the English courts have been called upon so frequently and in such diverse circumstances to construe them, that a vast amount of learning is to be found upon the subject. Messrs. Robert Clarke & Co., of Cincinnati, have in preparation, to be issued in a few weeks, an annotated edition of the Inter-State Commerce Law, collecting all these authorities. It will certainly prove very useful.

BANKING AND FINANCIAL ITEMS.

DECISION BY BANK SUPERINTENDENT PAINE.—The annual report of Bank Superintendent Paine, submitted to the Legislature recently, contains the full text of his decision on the application of the Title Guaranty and Trust Company, of No. 55 Liberty street, New York, for his approval of the acceptance by Savings banks of its searches. After a careful examination he grants the request and declares the company's system "the best now known to the legal profession." The decision analyzes the old system and condemns and advises the trustees of Savings banks and others that "if the enterprise of this age has devised a better method of searching, it is the duty of the trustees loaning trust funds to adopt it."

NEW YORK—A NEW BANKING BILL.—THE STATUTES RELATING TO FINANCIAL ORGANIZATIONS TO BE REVISED.—Senator Walker has introduced a bill which proposes to revise the statutes of the State so that any number of persons may associate to establish offices of discount and deposit upon the terms and conditions, and subject to the liabilities prescribed in the bill, but the aggregate amount of the capital stock of any such association or bank is not to be less than \$100,000; providing, however, that banking associations with a capital of not less than \$50,000 may be organized in any city, village or place the population of which does not exceed 30,000 inhabitants; and it is further provided that banking associations with a capital of not less than \$25,000 may be organized in any village or place, the population of which does not exceed 6,000 inhabitants; and with the approval of the Superintendent of the banking department, individual bankers with a capital of not less than \$10,000 may be authorized to transact a banking business in any village or place the population of which does not exceed 3,000 inhabitants.

LEGACY OF THE BARTHOLOMEW BREAK.—The Continental National Bank, of New York, as the owner of a promissory note for \$12,000, made by the Charter Oak Life Insurance Company, of Hartford, Conn., to the order of its then president, George M. Bartholomew, has brought proceedings in the Supreme Court against General Louis Fitzgerald, the receiver of the company, to recover amount of the note, and has obtained an attachment from Judge Donohue against the property of the company. When the note became due payment was refused.

THE CARSELEY CHECK STAMP.—Possibly some of our readers were sufferers by the raid made a few years ago upon business men who had adopted some one of the various check perforators in the market, and who were confronted by a patentee named Carseley or his assignee, who demanded \$20 for the privilege of continuing to use such an instrument, under penalty of a suit for infringement, if this tribute should be refused. A few of the threatened merchants sought legal advice, and Carseley was driven to assert his claim in the United States Circuit Court for this district, and the result was so clearly against the pretension of the Carseley patent owners, that the counsel for the resisting merchants hardly needed to make an argument, Judge Wallace giving them a decree dismissing the complaint, and declaring the patent invalid. In the Circuit Court the decision turned upon the fact that the Carseley patent attempts to cover an invention which was in public use years before Carseley applied for a patent. There was abundant evidence introduced on the trial that something like half a dozen check stamps operating essentially in the same manner as Carseley's were on sale in a half score of stationers' shops in New York and Brooklyn, and were in common use at least two years, and in some instances a much longer period before the date of the Carseley caveat.

The merchants engaged in resisting the Carseley patent are in our opinion doing a work of public utility and benefit. Originating in an unfounded claim, it has been used to bully the mercantile community in order to force them into submission to an extortion. Resistance under such circumstances is not merely a personal satisfaction, but is a promise of greater security to the public against similar impositions in future by the same or other adventurers.

ANOTHER CALL FOR THREE PER CENTS.—The Acting Secretary of the Treasury, on the 23d March, issued the one hundred and forty-eighth call for the redemption of bonds. The call is for \$10,000,000 of the 3 per cent. loan of 1882, and notice is given that the principal and accrued interest of the bonds designated will be paid at the Treasury on May 1, and that the interest on said bonds will cease on that day, viz.: Three per cent. bonds issued under the act of Congress approved July 12, 1882, and numbered as follows: \$50, original number 17 to original number 23; \$100, original number 157 to original number 351; \$500, original number 66 to original number 148; \$1,000, original number 767 to original number 1,221, and original number 23,778 to original number 23,797; \$10,000, original number 1,912 to original number 2,885, all inclusive; total \$10,000,000. The three months' interest due May 1 on the above described bonds will not be paid by checks forwarded to the holders of the bonds, but will be paid with the principal to the holders at the time of presentation.

REGULATIONS FOR REDEMPTION OF TRADE DOLLARS.—The following circular has been issued by the Treasury Department to holders of trade dollars:

TREASURY OF THE UNITED STATES, }
WASHINGTON, March 7, 1887. }

Owing to the present inadequate provision for the reception and storage of trade dollars, the redemption of which is provided for under the act of Congress, passed Feb. 20, 1887, the following regulations will be observed, in order, so far as practicable, to comply with the terms of the law:

Trade dollars, if not defaced, mutilated or stamped, will be redeemed or exchanged at the offices of the treasurer and several assistant treasurers of the United States. Requests for the redemption of these coins, stating the amount held, should be forwarded to the above named officers, who will file application and notify holders in their turn, when presentation may be made and payment obtained. The notification by the holders of trade dollars to the treasurer or sub-treasurers of the United States, of the amounts held by them respectively will be held to be a sufficient presentation of the coins within the meaning of the law, and will entitle the holders, in the order of reception of such notification, to deposit such coins in the respective sub-treasuries, when notified that such deposits can be received at those offices. Notifications must be filed with the sub-treasurers on or before Aug. 1, 1887. After notifying these officers, and upon receipt of notification from them, such coins may be forwarded by express or otherwise, transportation charges being prepaid, when receipts will be issued for the amounts purporting to be contained in the deposits in the order of their receipt. Upon the count and ascertainment of the amount of each deposit, payment will be made therefor in standard silver dollars or in fractional silver coin, at the option of the holder. Defaced, mutilated or stamped trade dollars found in deposits will not be redeemed or exchanged by any of the sub-treasury officials, but they will be returned to the depositor or purchased as bullion in sums of three dollars or upward by the United States mints, at the option of the depositor.

C. N. JORDAN, Treasurer United States.

Approved: C. S. FAIRCHILD, Acting Secretary of the Treasury.

LIMITED PASSENGER TRAINS.—There are few limited trains run in this, or in fact any country, according to the original application of the term. By a limited train is meant that accommodations are provided thereon for a limited number of passengers desiring the highest speed, the greatest comfort and luxury yet attained as the result of keen competition between companies operating rival railways. Among the best known is the "New York and Chicago, limited" now running over the New York Central and Hudson River Railroad in connection with the Lake Shore Railroad. This train is made up exclusively of elegant drawing room cars and magnificently appointed sleeping cars, with a smoking car furnished with movable easy chairs, couches, etc., and supplied with the current literature of the day, for the use of patrons of the train. Dining cars in which substantial meals are elegantly served at moderate prices, are also attached at suitable hours.

This train leaves the Grand Central Depot at 9.50 A.M., and on account of the light train, easy grades and few stops, accomplishes the run to Chicago in twenty-four hours, with entire comfort to the passengers. The opposite train leaves the Lake Shore Station, Chicago, at 5.30 P.M., arriving at Grand Central Depot, New York, the next evening. Carriages, cabs, street cars and elevated railroad trains depart every few minutes from the Grand Central Depot for every part of the city.

IOWA.—The Citizens' National Bank, of Des Moines, will erect a six-story building shortly.

MISSISSIPPI.—The First National Bank of Aberdeen is about ready for business. F. P. Jenkins is President, and B. C. Jenkins, Cashier. Capital stock, \$50,000.

MICHIGAN.—The Carson City Savings Bank, of Carson City, has been incorporated. Capital stock, \$25,000. S. W. Webber, Lyons, J. E. Just, Ionia, and M. J. Miner, Carson City, incorporators.

CORN EXCHANGE NATIONAL BANK OF PHILADELPHIA.—Many of the readers of this magazine will be interested in learning that Mr. William Johnson has just succeeded Mr. Dell Noblit as President of the Corn Exchange National Bank of this city. Mr. Noblit was one of the original projectors of this bank, in 1858, and for the last seventeen years has served with great ability and integrity as its President. Mr. William Johnson, the new President, is a very able and popular business man, and has for many years been connected with the bank, and since 1879 has served as a director. He is one of the two sole surviving partners in the old and widely known and influential seed house of P. B. Mingle & Co., of this city. He is now, however, giving his whole time and attention to the affairs of the bank. The Vice-President of the Corn Exchange National Bank is Mr. H. W. Catherwood, who has long been identified with its affairs. The Cashier is Mr. John B. Stewart, who has been connected with the bank since 1867, and became Cashier on the death of Mr. Shetky, the former Cashier, in 1884. The capital of the Corn Exchange National Bank is \$500,000, and it has a surplus of \$250,000. The deposits amount to about \$2,225,000 annually, and the total resources now foot up to \$3,397,613.

HONESDALE BANK.—Recently the Honesdale Bank celebrated its fiftieth anniversary. The occasion being one which seemed to call for some special mark of commemoration, the Board of Directors requested the Cashier, Edwin F. Torrey, to prepare a history of the bank, from the official records, from its organization to the present time. We have just been furnished with a copy of the pamphlet, which is not only interesting, but a decidedly creditable affair. It commences away back in 1827, when the business men of that section began to feel the need of a bank in that vicinity. The nearest banks at that time were the Wyoming Bank of Wilkesbarre and the Easton Bank of Easton. On March 18, 1836, the Honesdale Bank was started with an authorized capital of \$100,000 to be divided into two thousand shares of fifty dollars each, and to be disposed of by auction, at not less than par, to the highest bidder. * The act further provided, that no purchaser should be allowed to take more than twenty shares, or one thousand dollars on any one bid, and that the entire capital should be paid in before commencing business. Also that the bank should pay to the State a bonus of \$5,000, and at least eight per cent. on all dividends declared.

On account of the delay of some of the subscribers to the stock in paying their subscription the bank did not actually commence business until December 26, 1836, when it opened its doors to the public.

Its success and management is best told by the following quotation from the pamphlet: "In these latter days, when speculation and speculation seem to have become synonymous terms, it is refreshing to look over the records and find that for half a century the capital and deposits of this bank have been regarded by its Board of Directors as trust funds, in the management and investment of which safety and security has always been the first consideration.

"Whatever success and stability has been attained during these fifty years—years of financial depression and convulsion, as well as of prosperity and profit—is largely due to the liberal conservatism which has always characterised its management, and regard to which its Directors have always acted as a unit.

"And to those who appreciate no logic but that of figures, we point with pardonable pride to the fact that the total losses sustained by the bank, by reason of bad debts or unsound investments during the past twelve years, amounts to exactly \$150, or an average of about \$1 per month."

This pamphlet brings to light an act of the Legislature, which was passed April 8, 1843, which provided that a Director who had served for four years successively should be ineligible to re-election "until after being out one year."

The act was repealed in March, 1847, "so far as it applied to the Honesdale Bank."

PEORIA, THE CENTRAL CITY OF ILLINOIS.—The most important city in that State (save Chicago) both in population and commercial position, retains its reputation for thrift and prosperity—it offers superior opportunities to both the merchant and manufacturer who are looking for a location. In mentioning this fact, we wish to call attention to the Central National Bank of Peoria (capital, \$200,000.) This bank gives special facilities to banks and bankers, merchants and manufacturers doing business in central Illinois. Its principal correspondents are the Continental National Bank of Chicago, and the Importers and Traders National Bank of this city.

THE SUSPENSION OF THE MARITIME BANK OF NEW BRUNSWICK was brought about by complications with two extensive lumbering firms which are engaged in an immense business. Probably the most immediate cause of the failure was the return to the bank of a quantity of English exchange. The stockholders in the bank are under double liability, so there is every probability that the notes, which are first lien, and possibly the deposits will be made good. The bank paid 5 per cent. interest, which is a higher rate than that paid by any other banking institution in St. John, and the deposits are very large, many of the depositors being persons who can poorly afford to suffer loss.

THE GUARANTEE COMPANY OF NORTH AMERICA.—The fourteenth annual report of the Guarantee company of North America shows a net increase of \$526,450 in the amount of new business secured during the year, the total business now amounting to \$11,447,850, producing a net annual premium of \$92,610, as against \$10,921,400 during 1885. There are now 24,340 bonds issued by the company, covering a responsibility of \$26,179,325, and producing annual premiums amounting to \$214,784. The total income for the last year amounted to \$252,303, and the expenditure of all kinds to \$111,611. In addition to this, losses were paid amounting to \$76,291, leaving a balance of \$64,401, out of which dividends to the extent of \$18,000 have been paid, leaving a net sum of \$46,401, which, added to the balance on hand from last year, brings the gross assets up to the comfortable figure of \$528,316 to carry forward, as against \$481,916 last year. Altogether the report is a highly satisfactory one, and creditable to the business capacity of the managing director and his officers.

WILLIAM AUDLEY CLARKE, aged 84, the oldest Bank President in New England, died March 26 at Newport, R. I. He was employed as clerk of the National Bank of Rhode Island in 1818, and continued in that position until 1839, when he was chosen Cashier, and he had been President of the bank since 1862. He was a bachelor, and leaves a fortune of \$250,000, which, it is believed, will go to his nephews, one of whom, Dumont Clarke, is the Cashier of the American Exchange Bank of New York. He was also President of the first telegraph company that ever stretched its wires in Newport, and he was a Director of Redwood Library and President of the Rhode Island Bridge Company.

MR. HENRY H. HUNTZINGER, President of the Government National Bank of Pottsville, Pa., died suddenly March 4th, 1887, at his home in Pottsville. Mr. Huntzinger was born at Orwigsburg, Schuylkill Co., February 3, 1833, and was consequently in his 55th year. His youth and early manhood was spent in his native town, where he was for some time engaged in the mercantile business with his father. He came to Pottsville about thirty years ago, and the greater part of his life has been spent in the banking business, partly with his father, but of late years as President of the Government National Bank. He was a man of domestic habits and of a retiring disposition, and although he always gave his assistance to the furtherance of any local enterprise, he was not ambitious to lead.

EX-STATE SENATOR JAMES MACKIN, who died at St. Augustine, Fla., was born in Newburg, December 25, 1823. His parents died before he was eight years old, leaving him to struggle for his own support. In early life he engaged in mercantile pursuits, and was afterward President of the National Bank of Fishkill Landing, and held the position until his resignation a few months ago. He was an influential Whig, and was afterward a delegate to the convention which gave form to the Republican party. Previous to 1866 he attended a number of Republican conventions as a delegate, but in 1866 he became a Democrat, and was elected in 1872, 1873, and 1874 to the Assembly. He was an ardent supporter of Tilden for the Presidency at the St. Louis Convention in 1876. In 1877 he was elected State Treasurer. He was renominated in 1879 and defeated with the rest of the ticket. He was elected to the Senate by a vote of 10,196 to 9,940 for Francis Marvin, Republican, and 850 for Benjamin S. Warner, Greenbacker.

NEW BANKS, BANKERS, AND SAVINGS BANKS.

(Monthly List, continued from March No., page 708.)

<i>State.</i>	<i>Place and Capital.</i>	<i>Bank or Banker.</i>	<i>Cashier and N. Y. Correspondent.</i>
ALA....	Birmingham... \$25,000	Hudson & Perryman....	J. B. Colgate & Co.
"	Sheffield..... \$100,000	Bank of Sheffield.....	Chatham National Bank.
ARK....	Eureka Springs. \$7,500	Alfred H. Moses, <i>Pr.</i>	Paul W. Smith, <i>Cas.</i>
CAL....	Grass Valley... \$50,000	Citizens' Bank.....	Kountze Bros.
"	Orange.....	James T. Waddill, <i>Pr.</i>	John T. Champlin, <i>Cas.</i>
COL....	Otis.....	First National Bank....	Horace D. Andrews, <i>Cas.</i>
DAK....	Woonsocket.... \$35,000	David McKay, Jr., <i>Pr.</i>	Bank of Orange
ILL....	Chicago..... \$200,000	Noah Palmer, <i>Pr.</i>	Wm. S. Bartlett, <i>Sec.</i>
"	Mount Vernon.. \$35,000	Bank of Otis.....	Chemical National Bank.
"	Peoria.....	James W. Pruyn, <i>Pr.</i>	John Denholm, <i>Cas.</i>
IOWA...	Cedar Rapids.. \$100,000	Citizens Bank.....	Gilman, Son & Co.
"	Dubuque..... \$50,000	Edwin S. Rowley, <i>Pr.</i>	Willard M. Sheldon, <i>Cas.</i>
"	Norway..... \$15,000	Lincoln National Bank..	Lincoln National Bank.
"	Perry.....	John L. Beveridge, <i>Pr.</i>	R. L. Dakin, <i>Cas.</i>
KAN....	Atchison..... \$100,000	Mount Vernon Bank....	Merchants' Exchange Nat. Bank.
"	Colby..... \$20,000	Christopher D. Hane, <i>Cas.</i>	
"	Gove..... \$12,000	Dime Savings Bank.....	Henry P. Ayres, <i>Treas.</i>
"	Edna.....	Eliot Callender, <i>Pr.</i>	Chemical National Bank.
"	Leoti City..... \$50,000	Cedar Rapids Nat'l Bank	Ralph Van Vechten, <i>Cas.</i>
"	Nortonville.... \$50,000	Arthur T. Averill, <i>Pr.</i>	Chemical National Bank.
"	Pratt..... \$50,000	German Trust & Sav. B'k	Paul Traut, <i>Cas.</i>
"	Sabetha..... \$50,000	John Bell, <i>Pr.</i>	
"	Salina.....	Citizens Savings Bank...	Elmer E. Harting, <i>Cas.</i>
"	Hollyrood.... \$15,000	David Doner, <i>Pr.</i>	Gilman, Son & Co.
"	Russell..... \$80,000	Commercial Bank.....	Arthur T. Pearson, <i>Cas.</i>
LA.....	New Orleans... \$32,000	S. C. Goff, <i>Pr.</i>	Chemical National Bank.
MD....	Snow Hill.....	Kansas Tr. & Bkg. Co.	E. G. Armsby, <i>Cas.</i>
MICH...	East Saginaw.. \$30,000	John J. Ingalls, <i>Pr.</i>	Hanover National Bank.
"	Fennville..... \$10,000	Farm. & Merchants' B'k.	David Zerwekh, <i>Cas.</i>
"	Shepherd.... P.O. Salt River]	Chas. Buschow, <i>Pr.</i>	Chemical National Bank.
		Gove County Bank.....	Boyd Dudley, <i>Cas.</i>
		D. W. Heath, <i>Pr.</i>	Bank of North America.
		International Bank.....	James M. Berry, <i>Cas.</i>
		Chatham T. Ewing, <i>Pr.</i>	National Park Bank.
		Leoti State Bank.....	Richard W. Carey, <i>Cas.</i>
		Henry Allphin, <i>Pr.</i>	
		Nortonville Savings B'k.	
		A. J. Perry & Co.	
		First National Bank....	
		H. W. Lewis, <i>Pr.</i>	Gust Carlander, <i>Cas.</i>
		Citizens' State Bank....	American Exchange Nat'l Bank.
		Jackson Colton, <i>Pr.</i>	Le Roy Hesseltine, <i>Cas.</i>
		Citizens' Bank.....	United States National Bank.
		M. L. Tressler, <i>Pr.</i>	W. R. Grim, <i>Cas.</i>
		Bank of Hollyrood.....	United States National Bank.
		M.P. Westfall, <i>Pr.</i>	Alpheus W. Baker, <i>Cas.</i>
		First National Bank....	
		Wm. Blair, <i>Pr.</i>	Emery C. Haskett, <i>Cas.</i>
		Bank of Commerce....	Chase National Bank.
		Benj. S. Twichell, <i>Pr.</i>	John B. DeBlanc, <i>Acting Cas.</i>
		First National Bank....	
		John W. Smith, <i>Pr.</i>	Irving T. Matthews, <i>Cas.</i>
		People's Savings Bank..	
		John A. Edget, <i>Pr.</i>	J. F. Boynton, <i>Tr. & Sec.</i>
		Fennville City Bank....	American Ex. Nat. Bank.
		H. J. Ward & Co.....	Hanover National Bank.

<i>State.</i>	<i>Place and Capital.</i>	<i>Bank or Banker.</i>	<i>Cashier and N. Y. Correspondent.</i>
MINN...	Wabasha..... \$30,000	The People's Bank..... M. E. Drury, <i>Pr.</i>	..... Julius R. Peetz, <i>Cas.</i>
" ..	Winnebago City	Faribault Co. Bank..... David Secor, <i>Pr.</i>	American Ex. Nat. Bank. Chas H. Patten, <i>Cas.</i>
MISS ..	Aberdeen..... \$50,000	First National Bank..... Frank P. Jinkins, <i>Pr.</i>	..... Ben C. Jinkins, <i>Cas.</i>
MO.....	Brookfield..... \$25,000	Wheeler Savings Bank... Robt. J. Wheeler, <i>Pr.</i>	National Park Bank. Thomas H. Flood, <i>Cas.</i>
" ..	Platte City..... \$100,000	Bank of Platte City..... Norton B. Anderson, <i>Pr.</i>	..... Norton & Co.
" ..	Westboro..... \$15,000	North Atchison Bank.... John L. Carson, <i>Pr.</i>	Asa L. Smith, <i>Cas.</i> Kountze Bros.
NEB....	Bertrand..... \$30,000	First State Bank..... R. T. McGrew, <i>Pr.</i>	J. W. Peck, <i>Cas.</i> Chemical National Bank. John G. Ballard, <i>Cas.</i>
" ..	Campbell..... \$15,000	Farmers & Merch. Bank. Robt. A. Simpson, <i>Pr.</i>	Kountze Bros. Wm. H. Bartlett, <i>Cas.</i>
" ..	Clay Center .. \$20,000	Commercial State Bank .. O. G. Smith, <i>Pr.</i>	Importers & Traders' Nat'l B'k. Horace N. Jones, <i>Cas.</i>
" ..	Culbertson..... \$12,000	City Bank..... (Cobb & Cliggett)	Chemical National Bank.
" ..	Hayes Centre.. \$15,000	Hayes Co. Banking Co.. Thos. Dornall, <i>Pr.</i>	Chemical National Bank. C. H. Enbank, <i>Cas.</i>
" ..	North Platte... \$50,000	State B'k of North Platte A. D. Buckworth, <i>Pr.</i>	Chemical National Bank. James Sutherland, <i>Cas.</i>
" ..	Ogalalla..... \$50,000	First National Bank..... Lee Love, <i>Pr.</i>	L. A. Brandhoefer, <i>Cas.</i>
" ..	Omaha.....	O. F. Davis Company... O. F. Davis, <i>Pr.</i>	Kountze Bros. Thos. A. Creigh, <i>Sec. & Treas.</i>
" ..	Sutton..... \$50,000	Sutton National Bank... John B. Dinsmore, <i>Pr.</i>	Fred C. Matteson, <i>Cas.</i>
" ..	Whitney.....	Whitney Bank..... (E. J. Carpenter & Co.)	Edward J. Carpenter, <i>Cas.</i>
N. Y....	Amsterdam....	Amsterdam Savings B'k. S. H. French, M.D., <i>Pr.</i>	Geo. A. Thatcher, <i>Cas.</i>
" ..	Avoca.....	S. D. Aulls & Co.....	Columbia Bank.
OHIO..	Canfield..... \$50,000	Farmers National Bank.. Alexander Dickson, <i>Pr.</i>	..... H. A. Manchester, <i>Cas.</i>
" ..	Cincinnati.... \$250,000	Market National Bank... Edwin Stevens, <i>Pr.</i>	John G. Brotherton, <i>Cas.</i>
" ..	College Corner.	Corner Bank..... John Howell, <i>Pr.</i>	..... Oliver M. Bake, <i>Cas.</i>
" ..	Paulding	Paulding Deposit Bank.. Chas. H. Allen, <i>Pr.</i>	Irving National Bank. Wm. H. Mohr, <i>Cas.</i>
OREGON	La Grande..... \$60,000	La Grande Nat. Bank .. M. F. Homan, <i>Pr.</i>	..... W. H. McDonald, <i>Cas.</i>
PENN..	Lancaster..... \$200,000	People's National Bank. Samuel H. Reynolds, <i>Pr.</i>	..... Peter E. Slaymaker, <i>Cas.</i>
" ..	McConnellsburg \$15,000	Fulton County Bank.... B. M. Lodge, <i>Pr.</i>	..... David B. Nace, <i>Cas.</i>
" ..	Media..... \$100,000	Charter National Bank.. Geo. Drayton, <i>Pr.</i>	..... Theo. P. Sauliner, <i>Cas.</i>
TEX....	Alvarado..... \$50,000	First National Bank..... H. W. Trippet, <i>Pr.</i>	..... J. R. Posey, <i>Cas.</i>
" ..	Corsicana..... \$100,000	Corsicana National Bank Geo. T. Jester, <i>Pr.</i>	National Park Bank. L. L. Jester, <i>Cas.</i>
" ..	Greenville	Greenville National Bank S. D. Rainey, Jr., <i>Pr.</i>	Hanover National Bank. W. A. Williams, <i>Cas.</i>
" ..	Tyler..... \$100,000	First National Bank..... H. H. Rowland, <i>Pr.</i>	..... J. D. Moody, <i>Cas.</i>
W. VA..	Piedmont..... \$50,000	First National Bank..... Jacob S. Jamesson, <i>Pr.</i>	..... John Daily, <i>Cas.</i>
N. B....	Woodstock.....	Mer. Bank of Halifax... E. C. Jarvis, <i>Agent.</i>	Bank of N. Y. N. B. A.

NORTH CAROLINA.—G. Homer Jones, of Dimondale, Mich., contemplates the erection of a bank building in Lincolnton.

J. C. Angier, of Durham, is interested in a bank building, to be built, corner Main and Church streets.

CHANGES OF PRESIDENT AND CASHIER.

(Monthly List, continued from March No., page 711.)

	<i>Bank and Place.</i>	<i>Elected.</i>	<i>In place of</i>
ALA....	Alabama N. B., Birmingham..	Geo. H. Waddell, <i>Cas.</i>	John W. Read.
" ..	Berney National Bank, Birmingham.	H. F. DeBardeleben, <i>V. P.</i>	Robt. Jenison.
" ..	Capitol City Insurance Co., Montgomery.	W. P. G. Harding, <i>A. C.</i>	.....
" ..	" ..	E. B. Joseph, <i>Pr.</i>	Berry Tatum.
" ..	" ..	Sam. A. Elsberry, <i>Secr.</i>	E. B. Joseph.
AL....	Los Angeles Co. B., Los Angeles.	Geo. H. Stewart, <i>Cas.</i>	H. L. Macneil.
" ..	San Diego County Bank, National City.	A. H. Reynolds, <i>Pr.</i>	.....
" ..	" ..	C. E. Early, <i>Cas.</i>	A. H. Reynolds.
" ..	First Nat'l B'k, San Francisco..	James Moffitt, <i>V. Pr.</i>	Geo. A. Low.
" ..	Bank of Winters, Winters....	J. B. McArthur, <i>Cas.</i>	Emil E. Kahn.
COL....	Boulder Nat. Bank, Boulder...	Geo. R. Williams, <i>Pr.</i>	H. N. Bradley.
" ..	Delta County Bank, Delta.	T. H. McGranahan, <i>Pr.</i>	.....
" ..	" ..	E. L. Kellogg, <i>Cas.</i>	H. A. Bailey.
" ..	State Nat'l Bank, Denver....	Wm. P. Vaile, <i>A. Cas.</i>	.....
" ..	First Nat. Bank, Longmont....	Daniel Ransom, <i>V. Pr.</i>	C. H. Stickney.
" ..	First Nat. Bank, Trinidad....	Caldwell Yeaman, <i>V. P.</i>	Frank G. Bloom.
" ..	Citizens' Bank, Julesburg.	C. L. Hoffman, <i>Pr.</i>	.....
" ..	" ..	L. E. Loveland, <i>Cas.</i>	.....
CONN...	First National Bank, Hartford.	James H. Knight, <i>Pr.</i>	Chas. S. Gillette.
" ..	" ..	W. W. Jacobs, <i>V. Pr.</i>	.....
" ..	Conn. River B'k'g Co., Hartford.	C. D. Riley, <i>Cas.</i>	James H. Knight.
" ..	Conn. Trust & Safe Dep. Co., Hartford.	H. W. Erving, <i>Cas.</i>	Miles W. Graves.
" ..	" ..	M. H. Whaples, <i>Pr.</i>	.....
" ..	" ..	J. P. Wheeler, <i>Treas.</i>	M. H. Whaples.
DAK....	First National Bank, Columbia.	W. H. Yerkes, <i>V. Pr.</i>	.....
" ..	First National Bank, Fargo.	D. C. McKenzie, <i>A. Cas.</i>	.....
" ..	" ..	Massena B. Erskine, <i>Pr.</i>	E. C. Eddy.
" ..	Grand Forks N.B., Grand Forks	C. W. Robbins, <i>A. Cas.</i>	.....
" ..	National Bank of Dakota, Huron.	L. B. Richardson, <i>V. Pr.</i>	F. T. Walker.
" ..	" ..	D. Stick, <i>V. P.</i>	.....
" ..	James River National Bank, Jamestown.	W. B. Dolson, <i>A. Cas.</i>	.....
" ..	" ..	Geo. L. Webster, <i>Cas.</i>	.....
" ..	First National Bank, Madison.	Alfred Dickey, <i>V. Pr.</i>	Wm. C. White.
" ..	B'k of N. Rockford, N. Rock'fd.	Chas. K. Ballard, <i>V. P.</i>	Frank E. Ballard.
" ..	Black Hills National Bank, Rapid City.	F. A. Sebring, <i>Cas.</i>	Wm. M. Frank.
" ..	" ..	V. T. McGillyenddy, <i>V. P.</i>	James Haft.
" ..	First National B'k, Valley City.	W. E. Stephens, <i>A. Cas.</i>	.....
" ..	First National B'k, Valley City.	John Anderson, <i>V. Pr.</i>	C. M. Hertig.
DEL....	Delaware City N. B., Del. Cy..	Chas. G. Ash, <i>Pr.</i>	Wm. D. Clark.
GA....	Augusta Sav. Bank, Augusta..	Wm. B. Young, <i>Cas.</i>	J. S. Bean.
" ..	First National B'k, La Grange.	J. W. Barnard, <i>V. Pr.</i>	Wm. C. Yancey.
IDAHO..	First Nat. Bank, Moscow.....	Henry Dernham, <i>V. Pr.</i>	J. H. Maguire.
ILL....	First Nat'l B'k, Beardstown....	John H. Hagener, <i>V. P.</i>	.....
" ..	First Nat'l Bank, Cambridge...	B. Hadley, <i>A. Cas.</i>	.....
" ..	De Witt Co. Nat. B'k, Clinton.	Norman Nelson, <i>A. C.</i>	.....
" ..	Decatur Nat. B'k, Decatur....	K. H. Roby, <i>Pr.</i>	A. T. Hill.
" ..	Will County National Bank, Joliet.	W. S. Brooks, <i>Pr.</i>	Calvin Knowlton.
" ..	" ..	G. L. Vance, <i>V. P.</i>	J. A. Henry.
" ..	" ..	C. H. Talcott, <i>A. C.</i>	.....
" ..	First National Bank, Mason City.	A. A. Blunt, <i>Pr.</i>	John Van Horn.
" ..	First Nat'l Bank, Olney.....	J. H. Mathers, <i>V. Pr.</i>	A. A. Blunt.
" ..	Farmers' National Bank, Pekin.	Chas. F. Foskett, <i>V. Pr.</i>	David Scott.
" ..	" ..	F. E. Rupert, <i>Pr.</i>	Jonathan Merriam.
" ..	Streator National Bank, Streator.	C. H. Turner, <i>A. Cas.</i>	.....
" ..	" ..	M. J. Luther, <i>Pr.</i>	Ralph Plumb.
" ..	Calumet N. B., South Chicago.	E. H. Bailey, <i>Cas.</i>	W. H. Miller.
IND....	Citizens Bank, Delphi.....	J. W. Thorp, <i>V. P.</i>	C. F. Swan.
" ..	First National Bank, Fort Wayne.	J. G. Blythe, <i>Cas.</i>	Robt. E. Moore.
" ..	" ..	J. H. Bass, <i>Pr.</i>	.....
" ..	National Branch Bank, Madison.	W. Fleming, <i>V. Pr.</i>	J. H. Bass.
" ..	" ..	Frank L. Powell, <i>Pr.</i>	Wm. H. Powell.
" ..	Merchants' N. B., New Albany.	Wm. H. Powell, <i>V. P.</i>	.....
" ..	First N.B. Porter Co., Valparaiso	N. T. DePauw, <i>Pr.</i>	John H. Butler.
" ..	" ..	Alice C. Ball, <i>A. C.</i>	has resigned.

	<i>Bank and place.</i>	<i>Elected.</i>	<i>In place of</i>
IOWA...	First Nat'l Bank, Davenport...	Geo. Hoehn, <i>Ass't C.</i>	Chas. F. Meyer.
"	.. Commercial N. B'k, Dubuque..	C. H. Booth, <i>V. Pr.</i>....	.....
"	.. First Nat. Bank, Eagle Grove..	W. C. Smith, <i>V. Pr.</i>	D. L. Miller.
"	.. Bank of Fayette, Fayette.....	Chas R. Carpenter, <i>Cas.</i>	Willard C. Kidder.
"	.. Marion Co. N. B., Knoxville....	L. O. Donley, <i>V. Pr.</i>	O. B. Ayres.
"	.. Le Mars Nat. B'k, Le Mars....	James Tiernay, <i>V. Pr.</i>	R. Morton.
"	.. First National Bank, Marengo..	C. E. Bingham, <i>Cas.</i>	Lewis Haas.
"	.. First Nat'l Bank, Stuart.....	H. Lawbaugh, <i>V. Pr.</i>	C. S. Fogg.
"	.. First Nat'l Bank, Washington.	Hugh Smith, <i>V. Pr.</i>	Wm. Blair.
"	.. Farmers' National Bank, Webster City. }	B. F. Miller, <i>Pr.</i>	J. W. Mattice.
"		A. L. Denio, <i>Cas.</i>	W. P. Miller.
KAN....	First Nat. Bank, Anthony.....	S. A. Darrough, <i>V. P.</i> ...	Geo. D. Thompson.
"	.. First National Bank, Beloit. }	Geo. H. Francis, <i>V. P.</i> ...	W. C. Ingram.
"		H. A. Phelps, <i>Cas.</i>	W. S. Search.
"	.. Mer. & Farmers' Bank, Burrton.	I. M. Welch, <i>Pr.</i>	J. H. Gresham.
"	.. People's Nat. B'k, Clay Center.	L. McChesney, <i>V. Pr.</i> ...	John Hanna.
"	.. First Nat. Bank, Garden City..	Jacob V. Carter, <i>V. P.</i>...	.....
"	.. First National Bank, Hiawatha.	A. F. Bechtel, <i>A. C.</i>...	.....
"	.. Edwards Co. Bank, Kinsley....	B. F. Tatum, <i>Pr.</i>	Alfred Hobbs.
"	.. Linn County National Bank, La Cygne. }	W. P. Rice, <i>Pr.</i>.....	.....
"		Geo. R. Saunders, <i>V. Pr.</i>	.....
"	.. National Park Bank, Lincoln. }	W. O. Fuller, Jr., <i>Cas.</i> ...	Geo. R. Saunders.
"		F. A. Head, <i>Pr.</i>	Jos. T. Smith.
"	.. First Nat. Bank, Lincoln.....	Ira J. Lewis, <i>A. C.</i>.....	.....
"	.. First Nat. B'k, McPherson.....	G. M. Lutes, <i>V. P.</i>	F. A. Head.
"	.. First National Bank, Newton. }	Theodore Boggs, <i>V. Pr.</i>	Edwin A. Bell.
"		F. S. Steinkirchner, <i>V. Pr.</i>	E. B. Fowler.
"	.. German National Bank, Newton. }	C. W. Goss, <i>Ass't Cas.</i>...	.....
"		Philip Lander, <i>V. Pr.</i>...	.....
"	.. First Nat'l Bank, Pittsburgh...	Allen L. Reid, <i>Cas.</i>....	.....
"	.. Salina Nat. Bank, Salina.....	H. F. Toevs, <i>A. Cas.</i>	E. A. Schmidt.
"	.. First National Bank, Washington. }	Albert E. Nan, <i>A. Cas.</i> ...	Wm. Babcock, Jr.
"		James G. Daniels, <i>V. Pr.</i>	T. A. Williams.
"	.. Kansas Nat. Bank, Wichita....	J. M. Welch, <i>V. Pr.</i>	C. Leland, Jr.
"	.. German Nat'l B., Covington...	O. S. Long, <i>Cas.</i>	A. S. Race.
"	.. Citizens' Nat. B., Lancaster...	J. O. Homing, <i>A. C.</i>	O. S. Long.
"	.. German Nat. Bank, Newport...	A. C. Jobes, <i>V. P.</i>.....	.....
"	.. Logan County Bank, Russellville. }	Jos. Chambers, <i>V. P.</i> ...	H. Drexelius.
"		B. F. Hudson, <i>A. Cas.</i>...	.....
"	.. Citizens' B'k of La., N. Orleans.	E. C. Remme, <i>A. Cas.</i>...	.....
"	.. First Nat'l Bank, Bath.....	H. B. Caldwell, <i>Cas.</i> ...	W. F. Barclay.
"	.. Limerick Nat. Bank, Limerick...	W. F. Barclay, <i>V. Pr.</i> ...	C. H. Ryan.
"	.. Nat'l Traders' B'k, Portland...	S. O. Thomas, <i>V. Pr.</i> ...	Henry W. Conner.
"	.. Everett Nat. Bank, Boston.....	W. B. Nichols, <i>Cas.</i> ...	S. B. Glazier.
"	.. Franklin Savings Bank, Boston. }	J. D. Robinson, <i>V. Pr.</i>...	.....
"		Wm. W. Mason, <i>Cas.</i>	Joshua C. Lane.
"	.. Shelburne Falls N. B., S. Falls.	Wm. G. Davis, <i>Pr.</i>	F. G. Messer.
"	.. Second Nat'l B'k, Springfield...	Francis O. Winslow, <i>V. P.</i>	.....
"	.. Crocker N. B'k, Turners' Falls.	Nathaniel J. Bradley, <i>Pr.</i>	Osmyrn Brewster.
"	.. Exchange Bank, Addison.....	Ebenezer Alexander, <i>Tr.</i> ...	Henry Whittemore
"	.. Commercial N. B., Detroit....	C. W. Hawks, <i>Cas.</i>	Otis R. Maynard.
"	.. Second Nat'l B., East Saginaw.	Albert T. Folsom, <i>Pr.</i> ...	Alfred Rowe.
"	.. Grand Rapids N. B., G. Rapids.	C. T. Crocker, <i>V. Pr.</i> ...	A. K. Warner.
"	.. First National Bank, Greenville. }	D. A. Curtis, <i>Pr.</i>.....	.....
"		H. B. Ledyard, <i>V. Pr.</i> ...	G. H. Hammond.
"	.. First Nat. Bank, Lapeer.....	Sewell Avery, <i>V. Pr.</i> ...	J. F. Boynton.
"	.. Nat. Bank of Sturgis, Sturgis..	Edwin Hoyt, Jr., <i>Ass't C.</i>	has resigned.
"	.. First Nat. Bank, Luverne.....	E. Middleton, <i>Pr.</i>	Manning Rutan.
"	.. Security Bank of Minnesota, Minneapolis. }	E. Rutan, <i>V. Pr.</i>	E. Middleton.
"		W. G. Clark, <i>Ass't C.</i>....	.....
"	.. Blake & Company, Minneapolis.	H. D. Rood, <i>V. P.</i>	B. F. Moore.
"	.. Merchants' Nat. B'k, Duluth...	Wm. Allman, <i>V. P.</i>	I. F. Packard.
"	.. Duluth Nat. Bank, Duluth....	W. W. Johnson, <i>V. Pr.</i> ...	James F. Jones.
"	.. First Nat. Bank, Luverne.....	A. S. Chase, <i>V. Pr.</i>	A. L. Ordean.
"	.. Security Bank of Minnesota, Minneapolis. }	C. R. Haines, <i>Cas.</i>....	.....
"		W. H. Halbert, <i>A. Cas.</i>...	.....
"	.. Blake & Company, Minneapolis.	F. A. Chamberlain, <i>Cas.</i>	Wm. N. Tenney.
"	.. Blake & Company, Minneapolis.	Perry Harrison, <i>A. Cas.</i> ...	F. A. Chamberlain
"	.. Blake & Company, Minneapolis.	C. A. Stickle, <i>Cas.</i>	F. E. Harrington.

	<i>Bank and Place.</i>	<i>Elected.</i>	<i>In place of</i>
MINN...	N. B. of Commerce, Minneapolis.	Geo. H. Rush, <i>V. Pr.</i>	O. A. Pray.
"	First National B'k, St. Cloud...	E. E. Clark, <i>A. Cas.</i>	Elder D. Moore.
"	Nat. German-Am. B., St. Paul.	Wm. Lindke, <i>V. Pr.</i>	B. C. Howes.
"	Sav. B'k of St. Paul, St. Paul.	E. J. Meier, <i>Cas.</i>	
"	First Nat. Bank, Wabasha....	C. C. Herscky, <i>V. Pr.</i>	John Schwirtz.
"	Second Nat. Bank, Winona....	Wm. H. Laird, <i>V. P.</i>	L. R. Brooks.
MO...	First Nat'l B'k, Appleton City.	F. Egger, Jr., <i>A. C.</i>	
"	Breckinridge S. B., Breckinridge.	R. H. Schoenberger, <i>Cas.</i>	W. S. Plumb.
"	N. W. B. of Mo. Burlington Junc.	Alex Gray, <i>Pr.</i>	Wm. H. Davis.
"	Bates Co. Nat. Bank, Butler...	John B. Newberry, <i>V. P.</i>	
"	Butler National Bank,	C. C. Duke, <i>V. Pr.</i>	
"	Butler.	J. R. Jenkins, <i>A. Cas.</i>	C. C. Duke.
"	American National Bank,	E. E. Parker, <i>V. Pr.</i>	W. P. Rice.
"	Kansas City.	M. C. Curtis, <i>A. Cas.</i>	F. W. Hutton.
"	First National Bank,	E. F. Swinney, <i>Cas.</i>	Chas H. V. Lewis.
"	Kansas City.	G. W. Fishburn, <i>Ass't C.</i>	
"	N. B. of Kansas Cy, Kansas Cy.	W. F. Sargent, <i>2d A. C.</i>	
"	B. of Lee's Summit, Lee's St.	John W. Nichols, <i>Cas.</i>	W. B. George.
"	Mercantile N. B., Louisiana....	Robert M. Rhea, <i>A. C.</i>	
"	First Nat'l Bank, Maryville....	H. W. Richmond, <i>Cas.</i>	John C. Terhune.
"	Holt Co. Bank, Mound City....	John S. Smith, <i>Cas.</i>	Hugh Montgomery
"	Nat. B'k of Paris, Paris,....	A. D. Buchner, <i>A. Cas.</i>	
"	Nat. B. of St. Joseph, St. Joseph.	C. C. Burnes, <i>2d V. P.</i>	
"	B'k of Warren Co., Warrenton.	H. Bohnemeyer, <i>Pr.</i>	S. B. Cook.
MONT	Dillon Nat. Bank, Dillon....	F. W. Schench, <i>A. Cas.</i>	James D. Bishop.
"	Merchant's Nat. B., Helena....	I. Salingier, <i>Ass't C.</i>	
"	Second Nat. Bank, Helena....	C. K. Cole, <i>Cas.</i>	
"	First Nat'l B'k, Miles City....	W. B. Jordan, <i>V. Pr.</i>	Geo. M. Miles.
"	Stock Growers' N. B., Miles City.	E. E. Batchelor, <i>A. C.</i>	H. B. Willey.
NEB...	First Nat. Bank, Beaver City..	C. T. Edee, <i>V. Pr.</i>	
"	Bank of Chapman, Chapman....	C. E. Cady, <i>Cas.</i>	Leslie W. Eyestone
"	First Nat'l B'k, Crete.....	L. E. Fuller, <i>A. C.</i>	
"	First National Bank,	Geo. H. Cowles, <i>V. Pr.</i>	
"	Fairfield.	Ira Titus, <i>A. Cas.</i>	
"	Kearney Nat. Bank, Kearney....	H. H. Porter, <i>A. Cas.</i>	S. C. Ayer.
"	First Nat. Bank, McCook....	B. M. Frees, <i>V. P.</i>	
"	Keith Co. Bank, Ogallala....	O. T. Carlson, <i>Cas.</i>	J. A. O'Brien.
"	A. W. Clarke, Papillion.....	I. D. Clarke, <i>Cas.</i>	
"	Nebraska State Bank,	E. F. Hempstead, <i>Pr.</i>	Wm. C. Henry.
"	Pawnee City.	S. Edw. Smith, <i>Cas.</i>	J. F. Stiegemeier.
"	Commercial N. B., Rising City.	Willis A. Baldwin, <i>Cas.</i>	E. P. McCollom.
"	Carson National Bank,	F. E. Johnson, <i>V. Pr.</i>	
"	South Auburn.	E. M. Boyd, <i>A. Cas.</i>	
"	St. Paul Nat. B., St. Paul..	A. C. Rowell, <i>A. C.</i>	
"	First National Bank,	Chas. Perky, <i>Pr.</i>	A. Blakestad.
"	Wahoo.	A. Blakestad, <i>V. Pr.</i>	J. M. Chapman.
"	First Nat'l Bank, Wilber.....	Louis Blakestad, <i>A. C.</i> has resigned.	
"		V. A. Young, <i>A. Cas.</i>	
N. H...	Claremont N. B., Claremont..	John L. Farwell, <i>Pr.</i>	Geo. N. Farwell.*
"	Farmington N. B., Farmington.	Alonzo Nute, <i>V. P.</i>	J. F. Cloutmad.
"	Wolfboro Sav. B., Wolfboro..	Chas. G. Cate, <i>Act'g Pr.</i>	A. W. Banfield.*
N. J...	Farmers' Nat. B'k, Allentown.	H. G. Norton, <i>V. Pr.</i>	P. B. Pumyea.
N. MEX.	City Bank, East Las Vegas....	Joshua S. Reynolds, <i>Pr.</i>	Geo. J. Dinkel.
N. Y...	Nat. Exchange Bank, Albany..	John D. Parsons, <i>Pr.</i>	C. P. Williams.
"	Merchants' N. B., Binghamton.	Chas. Davis, <i>2d V. P.</i>	
"	Western Sav. Bank, Buffalo...	F. W. H. Becker, <i>S. & Tr.</i>	Wm. H. Beyer, <i>Sect.</i>
"	Bank of Cattaraugus,	S. S. Laing, <i>Pr.</i>	O. F. Beach.
"	Cattaraugus.	F. E. Johnson, <i>Cas.</i>	S. S. Laing.
"	First National Bank,	Eli Dubois, <i>Cas.</i>	Nial C. Elting.
"	Ellenville.	P. Schultz Tice, <i>Act'g, C.</i>	
"	Bank of Gowanda, Gowanda..	C. C. Torrance, <i>Pr.</i>	H. N. Hooker.
"	First National Bank,	J. Fred Sands, <i>V. Pr.</i>	
"	Oxford.	Peter W. Clarke, <i>Cas.</i>	J. Fred Sands.
"	Iron National B'k, Plattsburgh.	James Shaw, Jr., <i>Cas.</i>	Geo. W. Watson.
"	Salamanca N. B., Salamanca..	S. G. Keyes, <i>A. Cas.</i> has resigned.	
"	Mohawk Nat. B., Schenectady.	Platt Potter, <i>Pr.</i>	Geo. G. Maxon.*
"	First National B'k, Springville.	F. D. Leland, <i>A. Cas.</i>	
"	B'k of Staten I., Tompkinsville.	Otto Ahlman, <i>Cas.</i>	F. U. Johnstone, Jr.

* Deceased.

	<i>Bank and Place.</i>	<i>Elected.</i>	<i>In place of</i>
N. Y.	N. B. of Port Jervis, P't Jervis.	W. E. Scott, <i>Act'g. Cas.</i>	A. P. Thompson.*
" ..	First National Bank, Waverly.	Nathan S. Johnson, <i>V. P.</i>	R. A. Elmer.
" ..	Merchant's N. B., Whitehall.	Percy L. Lang, <i>Ass't Cas.</i>	.....
" ..	Fayetteville N. B., Fayetteville.	L. J. N. Stark, <i>V. Pr.</i>	N. T. Jillion.
N. C. ..	First National Bank, Wilmington.	W. T. Taylor, <i>A. C.</i>	.....
" ..	First National Bank, Wilmington.	Geo. Chadbourn, <i>Pr.</i>	E. E. Burruss.
OHIO... ..	First National Bank, Akron.	H. M. Bowden, <i>Cas.</i>	Asa K. Walker.
" ..	Farmers' Nat. Bank, Bryan.	Edward Orialt, <i>V. Pr.</i>	M. W. Henry.
" ..	Second Nat. Bank, Cincinnati.	R. D. Dole, <i>V. Pr.</i>	Chas. A. Bowersox
" ..	First Nat'l Bank, Garrettsville.	Wm. Albert, <i>A. C.</i>	.....
" ..	First National Bank, Geneva.	W. E. Agler, <i>Ass't C.</i>	has resigned.
" ..	Citizens' Nat. B., Hillsborough.	Salmon Seymour, <i>Pr.</i>	P. W. Tuttle.
" ..	Citizens' Nat. B., New Phila.	W. H. Munger, <i>V. P.</i>	R. B. Munger.
" ..	Waynesville N. B., Waynesville.	D. S. Robertson, <i>Cas.</i>	W. H. Munger.
OREGON	First Nat. Bank, Island City.	G. H. Cowdery, <i>A. C.</i>	F. W. Tuttle.
" ..	First Nat'l Bank, Union.	F. S. Glen, <i>A. C.</i>	.....
" ..	First National Bank, McMinnville.	B. P. Scott, <i>V. Pr.</i>	H. Kaldenbaugh.
PENN... ..	Beaver Deposit Bank, Beaver.	S. W. Rogers, <i>V. P.</i>	.....
" ..	Farmers' Nat. B'k, Boyertown.	Chas. H. Crosby, <i>Cas.</i>	W. H. McDonald.
" ..	First National Bank, Bradford.	R. M. Steel, <i>V. P.</i>	J. H. Smith.
" ..	Nat. Deposit B'k, Brownsville.	W. D. Fenton, <i>V. Pr.</i>	D. P. Thompson.
" ..	Burgettstown National Bank, Burgettstown.	H. W. Beebe, <i>A. Cas.</i>	.....
" ..	Columbia Nat. B'k, Columbia.	J. R. Harrah, <i>Cas.</i>	Eben Allison.
" ..	Lititz Nat. Bank, Lititz.	M. L. Hartman, <i>Cas.</i>	Wm. R. Grim.
" ..	Keystone Nat. Bank, Manheim.	J. M. Fuller, <i>Pr.</i>	Samuel G. Bayne.
" ..	Farmer's & Mer. N. B., Mercer.	F. W. Davis, <i>V. P.</i>	J. M. Fuller.
" ..	First National Bank, Montrose.	Joseph S. Elliott, <i>Pr.</i>	Wm. H. Miller.
" ..	Tenth Nat. Bank, Philadelphia.	A. H. Kerr, <i>Pr.</i>	W. L. Archer.
" ..	Phila. Sav. Fund Society, Phila.	W. L. Archer, <i>V. P.</i>	A. H. Kerr.
" ..	Merchants' N. B., Philadelphia.	Joseph Janson, <i>Cas.</i>	Simon C. May.*
" ..	Farmers' & Mechanics' N. B., Phoenixville.	H. B. Beckler, <i>Ass't C.</i>	.....
" ..	First National Bank, Stroudsburg.	John B. Reist, <i>V. Pr.</i>	.....
" ..	N. B. of Royersford, Royers'fd.	Henry Robinson, <i>A. C.</i>	.....
" ..	Stroudsburg N. B., Stroudsburg.	W. D. Lusk, <i>Pr.</i>	G. B. Eldred.
" ..	City National Bank, Susquehanna.	H. L. Beach, <i>V. Pr.</i>	W. D. Lusk.
" ..	National B'k of Spring City, Spring City.	B. J. Woodward, <i>V. Pr.</i>	W. S. Thomas.
" ..	Citizens' National B'k, Warren.	G. C. Purves, <i>Treas.</i>	.....
TENN... ..	Third Nat. B'k, Chattanooga.	Herbert B. Tyson, <i>A. C.</i>	.....
TEXAS... ..	First Nat. Bank, Ballinger.	John Detwiler, <i>Pr.</i>	A. H. Stover.
" ..	First National Bank, Comanche.	C. K. Roberts, <i>Cas.</i>	J. T. F. Hunter.
" ..	First National Bank, Paris.	N. B. of Royersford, Royers'fd.	Ephraim P. Keeley, <i>V. Pr.</i>
" ..	City Bank of Sherman, Sherman.	J. H. Fetherman, <i>V. Pr.</i>	.....
" ..	First Nat. Bank, Texarkana.	Chas. Schlager, <i>Pr.</i>	Henry W. Brandt.
" ..	Citizens' National Bank, Waco.	S. S. Doolittle, <i>V. Pr.</i>	J. Schlager.
" ..	First National Bank, Waxahachie.	A. P. Fritz, <i>Pr.</i>	.....
UTAH... ..	J. W. Guthrie, Corinne.	D. B. Latshaw, <i>V. Pr.</i>	A. P. Fritz.
VT.	Howard National Bank, Burlington.	D. L. Gerould, <i>Cas.</i>	G. N. Parmlee.
" ..	Lamoille Co. N. B., Hyde Park.	W. H. Hart, <i>V. P.</i>	D. E. Rees.
" ..	Randolph N. B., West Randolph.	T. S. Hill, <i>V. Pr.</i>	.....
WASHT.	Traders Nat. B., Spokane Falls.	M. N. Rosenthal, <i>V. Pr.</i>	.....
W. VA.	First National Bank, Piedmont.	C. B. Mason, <i>A. Cas.</i>	.....
" ..	First National Bank, Piedmont.	R. F. Scott, <i>V. Pr.</i>	.....
" ..	First National Bank, Sherman.	J. Bledsoe, <i>Pr.</i>	T. J. Brown.
" ..	First Nat. Bank, Texarkana.	H. L. Hall, <i>Cas.</i>	A. W. Byers.
" ..	Citizens' National Bank, Waco.	Frank Bomar, <i>A. Cas.</i>	H. L. Hall.
" ..	First National Bank, Waxahachie.	J. H. Smelser, <i>V. Pr.</i>	L. C. DeMorse.
" ..	First National Bank, Waxahachie.	J. S. McLendon, <i>V. Pr.</i>	S. W. Slayden.
" ..	First National Bank, Waxahachie.	J. T. Davis, <i>A. Cas.</i>	.....
" ..	First National Bank, Waxahachie.	C. W. Gibson, <i>Cas.</i>	N. A. McMillan.
" ..	First National Bank, Waxahachie.	J. P. Burrough, <i>Ass't C.</i>	.....
" ..	First National Bank, Waxahachie.	R. S. Guthrie, <i>Cas.</i>	H. S. Krigbaum.
" ..	First National Bank, Waxahachie.	F. H. Fisher, <i>Cas.</i>	.....
" ..	First National Bank, Waxahachie.	F. M. Kendall, <i>A. Cas.</i>	F. H. Fisher.
" ..	First National Bank, Waxahachie.	Edward L. Noyes, <i>A'g. C.</i>	Albert L. Noyes.*
" ..	First National Bank, Waxahachie.	F. E. DuBois, <i>A. Cas.</i>	.....
" ..	First National Bank, Waxahachie.	D. M. Drumheller, <i>V. Pr.</i>	R. W. Forrest.
" ..	First National Bank, Waxahachie.	John Sheridan, <i>V. Pr.</i>	.....
" ..	First National Bank, Waxahachie.	W. T. Blackiston, <i>Cas.</i>	John Daily.

* Deceased.

	<i>Bank and Place.</i>	<i>Elected.</i>	<i>In place of</i>
WIS....	Union Nat'l B'k, Racine.....	C. R. Carpenter, <i>A. Cas.</i>	.....
" ..	First Nat. B., Stevens Point...	E. G. Newhall, <i>V. P.</i>.....	.....
" ..	First Nat'l Bank, Waupun.....	L. D. Hickley, <i>A. Cas.</i>.....	.....
ONT....	Bank of Hamilton, Alliston....	N. M. Livingstone, <i>Agt.</i>	J. S. Gordon, <i>Pr. & M.</i>
" ..	Mer. B'k of Canada, Brampton.	W. A. Bellhouse, <i>Mgr.</i>	J. C. More.
" ..	Bank of Hamilton, Hagersville. J. S. Gordon, <i>Agt.</i>	N. M. Livingstone.	
" ..	Mer. B'k of Canada, Hamilton.	John Pottenger, <i>Mgr.</i>	J. S. Meredith.
QUEBEC	Canadian B. of Com., Montreal. A. M. Crombie, <i>Mgr.</i>	Robert Gill.	
" ..	Mer. B'k of Canada, Quebec....	J. C. More, <i>Mgr.</i>	John Gault.

CHANGES, DISSOLUTIONS, ETC.

(Monthly List, continued from March No., page 715.)

DAK....	Athol.....	Bank of Athol (Stewart & Nanscawen); now S. Horton, proprietor.
" ..	Huron.....	Traders' Banking Co.; now National Bank of Dakota; same officers.
" ..	Woonsocket....	Citizens' Bank; succeeds the banking business of American Bank & Trust Co.
D. C....	Washington...	Otis, Bigelow & Co.; now Chas. L. DuBois & Co.
ILL....	Beardstown....	People's Bank; succeeded by First Nat'l B'k; same officers.
" ..	Buda.....	J. Berkstresser & Co.; succeeded by J. D. Reynolds.
" ..	Chicago.....	Rock Savings Bond Co. Bank; now Farmers' Trust Co.; same officers.
" ..	Olney.....	Olney National Bank has gone into voluntary liquidation succeeded by Olney Bank; same officers.
" ..	Vienna.....	Rain & Jackson; succeeded by Samuel Jackson & Co.
IOWA...	Cedar Rapids..	G. F. Van Vechten; succeeded by Cedar Rapids Nat'l Bank.
" ..	Defiance.....	Citizens' Bank; sold out to Bank of Defiance.
" ..	Fayette.....	Bank of Fayette (S. B. Zeigler & Co.); now Lakin, Baker & Co., proprietors.
" ..	Garner.....	City Bank (Secors, Law & Plummer); now C. C. Doolittle & Co., proprietors.
" ..	Lewis.....	Bank of Lewis discontinued on account of the death of L. O. Reinig.
" ..	Norway.....	Benton County Savings B'k; suc. by Citizens' Savings Bank.
" ..	Perry.....	Northwestern Loan & Trust Co.; suc. by Commercial Bank.
KAN....	Clearwater....	Clearwater Bank (F. L. Tillinghast); now Tillinghast, Henry & Co., proprietors.
" ..	La Cygne.....	Linn County Bank is now incorporated.
MO....	Kansas City...	Traders' Bank has merged into Union National Bank.
" ..	Mound City...	Mound City Bank has merged into Holt County Bank.
" ..	Platte City....	Wm. F. Norton & Co.; succeeded by Bank of Platte City.
" ..	Sedalia.....	Bank of Sedalia consolidated with the First National Bank.
" ..	Westboro., ...	North Atchison Bank; successors to Rockport Farmers' Bank, Rockport.
NER....	Bertrand.....	Bank of Bertrand; succeeded by First State Bank.
" ..	Campbell.....	State Bank; succeeded by Farmers & Merchants' Bank.
" ..	North Platte...	North Platte B'k; succeeded by State Bank of North Platte.
" ..	Ogallala.....	Bank of Ogallala; succeeded by First National Bank; same officers and correspondents.
" ..	Ponca.....	Farmers & Merchants' Bank; now First National Bank.
N. J....	Rahway.....	Nat'l Bank of Rahway has gone into voluntary liquidation.
N. Y....	Avoca.....	S. D. Aulls & Co., formerly at Bath, is now at Avoca.
" ..	Kingston.....	E. B. Newkirk has retired.
OHIO...	Leipsic.....	Bank of Leipsic (A. Rosecrans); now W. W. Edwards & Co., proprietors.
" ..	Toledo.....	Bank of J. B. Ketcham 2d; now Ketcham's Bank.
PENN...	Stroudsburg...	Stroudsburg Bank; succeeded by Stroudsburg National Bank; same officers.
" ..	Titusville.....	Roberts' National Bank has gone into voluntary liquidation.
S. C. ...	Darlington....	Darlington National Bank; succeeded by Bank of Darlington; same officers.
TEXAS.	Austin.....	German-American Bank (Stewart & Habicht); now A. E. Habicht, proprietor.
" ..	Corsicana.....	Jester Bros.; succeeded by Corsicana National Bank.
VT.....	Swanton.....	C. S. L. Leach; succeeded by A. J. Ferris.

OFFICIAL BULLETIN OF NEW NATIONAL BANKS.

(Continued from March No., page 710.)

No.	Name and Place.	President.	Cashier.	Capital.
3642	Market National Bank..... Cincinnati, O.	Edwin Stevens,	John G. Brotherton,	\$250,000
3643	Cedar Rapids National Bank.... Cedar Rapids, IOWA.	Arthur T. Averill,	Ralph Van Vechten,	100,000
3644	First National Bank..... Alvarado, TEXAS.	H. W. Trippet,	J. R. Posey,	50,000
3645	Corsicana National Bank..... Corsicana, TEXAS.	Geo. T. Jester,	L. L. Jester,	100,000
3646	Greenville National Bank..... Greenville, TEXAS.	S. D. Rainey, Jr.,	W. A. Williams,	100,000
3647	Lincoln National Bank..... Chicago, ILL.	John L. Beveridge,	R. L. Dakin,	200,000
3648	First National Bank..... Grass Valley, CAL.	David McKay, Jr.,	Horace D. Andrews,	50,000
3649	First National Bank..... Pratt, KAN.	H. W. Lewis,	Gust. Carlander,	50,000
3650	People's National Bank..... Lancaster, PENN.	Samuel H. Reynolds,	Peter E. Slaymaker,	200,000
3651	First National Bank..... Tyler, KAN.	H. H. Rowland,	J. D. Moody,	100,000
3652	First National Bank..... Ogalalla, NEB.	Lee Love,	L. A. Brandhoefer,	50,000
3653	Sutton National Bank..... Sutton, NEB.	John B. Dinsmore,	Fred. C. Matteson,	50,000
3654	Farmers' National Bank..... Canfield, O.	Alexander Dickson,	H. A. Manchester,	50,000
3655	La Grande National Bank..... La Grande, ORE.	M. F. Homan,	W. H. McDonald,	60,000
3656	First National Bank..... Aberdeen, MISS.	Frank P. Jinkins,	Ben. C. Jinkins,	50,000
3657	First National Bank..... Russell, KAN.	William Blair,	Emery C. Haskett,	80,000

The reports of the New York Clearing-house returns compare as follows:

1887.	Loans.	Specie.	Legal Tenders.	Deposits.	Circulation.	Surplus.
MAR. 5.	\$369,487,600	\$85,278,200	\$20,141,300	\$385,325,800	\$7,617,700	\$9,088,050
" 12.	369,501,000	84,100,700	19,942,900	384,181,000	7,667,800	7,998,350
" 19.	368,811,500	82,852,600	20,141,300	382,144,600	7,658,900	7,335,350
" 26.	365,403,000	79,602,700	20,259,700	374,702,200	7,647,800	6,186,850

The Boston bank statement is as follows:

1887.	Loans.	Specie.	Legal Tenders.	Deposits.	Circulation.
MAR. 5.....	144,715,600	10,520,000	2,393,700	107,758,100	11,290,200
" 12.....	144,301,900	10,172,400	2,449,100	107,497,500	11,050,900
" 19.....	143,876,500	10,164,000	2,278,100	106,810,500	10,998,100
" 26.....	141,639,900	9,992,000	2,473,400	102,324,300	10,847,500

The Clearing-house exhibit of the Philadelphia banks is as annexed:

1887.	Loans.	Reserves.	Deposits.	Circulation.
MAR. 5.....	\$86,720,000	\$22,691,400	\$83,667,900	\$3,489,740
" 12.....	86,819,800	22,469,700	83,349,600	3,487,740
" 19.....	86,819,000	22,518,700	83,785,900	3,480,740
" 26.....	86,796,100	23,015,200	84,206,700	3,477,980

NOTES ON THE MONEY MARKET.

A FINANCIAL AND COMMERCIAL REVIEW.

March has not been a remarkable month in commercial circles, the weather having been unfavorable to an early spring trade, yet such changes as have occurred indicate a fair volume of business at fair and improving prices during the spring months, with the prospects of an excess in most lines over a year ago. Financial affairs, however, and railroad interests, as well as some of the speculative markets have undergone some radical changes which may and may not prove of an encouraging nature.

First and most important as a new factor in both financial and commercial affairs, has been the Inter-State Commerce law, as affecting all branches of trade and every market for every commodity in the country. It has been a new factor in the making of prices not only for staples of commerce, but for securities of all kinds, and especially those of railroads, whose earnings have been largely increased the past month in anticipation of this law going into effect on April 5, although at the expense of large reduction in rates.

The general impression both among railroad men and the shippers and producers of freight is that the effect of the operation of the new law will be to greatly enhance the rates of freight on through business. As a result, the time elapsing between the passage of the bill and its operation, has been made the most of, by both railroads and shippers to hurry forward freight as fast as possible before it takes effect. The result is seen in over 72,000 tons of East bound shipments out of Chicago for the last week in March, against 61,000 tons the week before, about 50,000 the preceding week, and so on back to the passage of the bill, when only about 25,000 tons per week were being shipped from Chicago. The railroads have done this, on the assumption that they will be obliged to charge the same rates on through freights or "long hauls" as on local freights or "short hauls," and that, as most of their money has been made on local business, they cannot reduce the rates for short hauls without losing money. On the other hand, to charge local rates on through business would be to drive the latter to the water routes, or keep it back until the opening of navigation by the lakes, when the water ways will do all the heavy freight business, because they are not subject to the operation of the new law, since the local and through business is separate and one is not affected by the long and short haul provisions of the law. Hence, also, shippers have hurried forward all the freight that is likely to be moved before the opening of navigation, in order to avail themselves of the benefit of cut rates and special contracts, which they will be unable to obtain hereafter.

From this it will be seen that the general and important increase in the tonnage of the whole railway system of the country, of which the East bound shipments from Chicago are perhaps more than a fair index, is not the natural result of the anticipated operations of the law, but an anticipation of what are regarded as its evils, to escape which this unusual activity in the movement of merchandise has been stimulated.

The increased earnings of the railroads compared with the winter months and with March a year ago, as well as the increased traffic of the country, are not the encouraging signs of unusual activity and prosperity which they would be under ordinary circumstances. Indeed, it is simply the crowding of two months' business or more into one; and the month of April, or until the

opening of navigation, we shall doubtless see the dullest April in many years, as we have seen the most active March in the transportation business of the country.

Whether all that is believed of the effect of this new factor in our commerce and finance proves true or not, remains for time and the Commission to demonstrate, and if the work of applying this experiment to our great transportation interests is fairly begun in one month it will surprise everybody. The delay in the appointment of the Commission leaves it no time to prepare for its great work until it is upon them. While the personnel of the Commission gives quite general satisfaction to both business men and railroad managers, there are no two who think alike as to the construction that should be placed upon the law, or satisfied as to what its requirements are. There has been a general and apparently honest and earnest desire on the part of railroad managers to find out what these requirements are and to shape themselves so far as possible beforehand to meet them. But until it has been construed by the Commission at least, the business of the country must wait, while the courts may be called upon to settle it before either the commercial or transportation interests will know where they stand or when they will be able to move again.

Speculation in railroad stocks has been waiting for this, until the latter part of the past month, while the general and growing belief that the law would prove a greater benefit to the railroads, against which it was aimed by the West, than to the West itself, started a bull market in railway securities, which was stimulated by the March earnings of the roads, and an easier money market, with the prospect of still greater ease after the first of April settlements have been made, and the money returns to Wall street until another crop year.

But while the effect has been the reverse of what was predicted and expected on stocks, the preparations for the taking effect of this law have depressed the markets for staples, whose movement has been unnaturally large for the season, as a consequence of throwing larger supplies upon those markets.

The result has been seen in the grain markets as the export trade for the last week in March fell far below those of several months and even of a year ago, because foreign buyers held off in view of our large seaboard receipts and interior movement, which has created the impression that the reserves back in the farmers' hands were larger than supposed. The bears in these staples have taken advantage of this unnatural and temporary situation to unduly depress prices, even in the face of the powerful Nevada bank syndicate that owns all the stock of California wheat in Liverpool and San Francisco, as well as the No. 2 in Chicago, if not in New York. The same has been true of corn in a less degree, and while increasing our supplies this condition of things has checked our demand and decreased our exports seriously.

This explains the condition of nearly all our markets for export staples, and shows that while we have done the April business of transportation in March, we are liable to do the March export business in April. The cliqued condition of both the grain and provision markets, however, has prevented any serious declines in values of these staples, because the holders of both are the strongest houses in the trade, and cannot be forced to abandon their bull position on these markets unless they eventually find they have been wrong, which does not yet appear probable.

With the restoration of natural conditions, therefore, or even without waiting for the solution of this new railroad transportation problem, these markets

are likely to do better in April than in March, while the bullish feeling in stocks that has begun to take hold of the public again for the first time this year, may hold the stock market steady, or even put it higher in face of reduced April railroad earnings and a possible reduced tonnage during the summer.

This will be the more likely if London continues to buy our stocks as it has steadily done for the past month, on cheap money there, which has supplied the Sterling Exchange market with bankers' bills to take the place of the falling off in the supply of commercial bills, due to decreased exports. Probable easier money here after April 1, is also expected to aid a bull movement in stocks, as the Government is to pay out in interest over \$7,000,000 on the first of the month, and \$10,000,000 more for called bonds. This will relieve the temporarily tight spots in our money market that checked the advance in stocks the last week of March, until the return flow from the country comes in about the middle of April, unless the bears in stocks manipulate the money market as they did last December, of which there were signs during March.

The bank statements were again growing better at the close of the month, after growing steadily worse on a low surplus reserve until the last week in March. The local demand for railroad bonds has become a new feature again, and the market has been active toward the close of the month. The great Baltimore and Ohio mystery that agitated all Wall street and railroad circles throughout the country, and controlled the stock market early in the month, is still unsolved, although believed to be still in process of solution. It is idle, however, to speculate upon what its effects will be if the proposed deal is carried out, until there is more evidence of what the deal is, and that it will be carried through.

The other speculative markets have attracted more attention and interest the past month, than for sometime, and cotton and coffee, which are less affected by the railroad transportation problem than breadstuffs and provisions, because more dependent upon water than rail transportation, have come to the front after a long repose as speculative favorites again. The movement in both was started on the other side, as was the boom in wheat last fall. Havre and other continental markets, as well as London, led the bull campaign in coffee as they did last fall, based upon light receipts at Rio, and another short crop in prospect in Brazil. Our market followed on light stocks in this country in both first and second hands, and the movement seems to have merit in it. Liverpool started the boom in cotton, which became quite excited and active during the last week in the month, spot cotton leading the advance there and here, while receipts indicate that our crop estimates have been at least liberal. The improvement has therefore been chiefly on this crop options with which next crop has sympathized about one-half.

The ocean freight market has undergone a relapse on the decreased export trade of March, and rates have gone back in some cases almost as much as they gained last fall. On the first of the year 4d. and 5d. per bushel were the going rates from this to British ports, and they have touched 1d. and 2d. again, as too many outside steamers were attracted here by the good rates and free exports during the last three months previous to March.

The petroleum market has dragged along without interest or excitement, as speculation seems to be gradually dying out of that staple since the Standard Oil Company have plucked the lambs till they have refused to take coal oil diet longer.

Not alone this, but the export trade in petroleum to the East Indies, which we have hitherto monopolized, is being taken away by Russian petroleum, in which industry the Rothschilds have engaged on a large scale, and are now laying down oil of equal quality in every market east of the Suez canal at less than half American oil can be shipped at present prices, at least this is what is claimed for the Russian oil, although the Standard company do not admit it. Hence even should our oil fields decline, of which there is no immediate prospect, there will still be light for Asia.

The backward and cold spring has of course injured the retail and jobbing trade as much as the wholesale, during March, and this, together with the hard winter West, is no doubt one of the reasons for so many failures the past month throughout the country, of which there has been a marked increase.

The iron trade has not shown many new symptoms, and in fact little if any improvement during March, and it is thought the inter-State commerce bill has affected that trade unfavorably by stopping new railroad projects, as extensions under the long and short haul clause would be bad investments in new territory at least. At the same time it is believed to have checked renewals by old roads until they can see if they need less or more rolling stock under the new law to do their business.

The coal trade has not yet been affected by this law, because stocks were so closely sold up during the strike that the trade has been in good shape with light stocks, and prices still about 65c. per ton higher in consequence of the strike. The new law, however, is expected to work in favor of the Pennsylvania roads, which have a tide water terminus at Philadelphia, as well as at New York, at which they can deliver within State boundaries, and not be subject to the inter-State law at all.

The New York roads are believed to be subject, under this law, to an extra 65 cents tolls per ton on all roads that cross two States and have no water outlet. It is said that under this law the Lackawanna road will suffer most, and the Reading be most benefited thereby. At all events the coal roads are so much at sea as to the effect the law will have on the coal trade that they have one and all refused to make contracts this year, as they usually do after January 1, with Eastern railroads and large manufacturers. Until this vexed question is settled, therefore, it is difficult to indicate the prospects of trade, and the future course of business and of the markets, although, other things equal, the tendency is upward and onward.

DEATHS.

BANFIELD.—On March 9, aged fifty-seven years, A. W. BANFIELD, President of Wolfboro Savings Bank, Wolfboro, N. H.

CLARKE.—On March 26, aged eighty-four years, WILLIAM AUDLEY CLARKE, President of National Bank of Rhode Island, Newport, R. I.

HUNTZINGER.—On March 5, aged fifty-five years, HENRY H. HUNTZINGER, President of Government National Bank, Pottsville, Pa.

MAY.—On March 3, aged forty-seven years, SIMON C. MAY, Cashier of Columbia National Bank, Columbia, Pa.

NOYES.—On February 16, aged forty-seven years, ALBERT L. NOYES, Cashier of Lamoille County National Bank, Hyde Park, Vt.

REINIG.—On January 30, aged forty-six years, L. O. REINIG, Proprietor of Bank of Lewis, Lewis, Iowa.

SLOCUMB.—On February 23, aged eighty-two years, SAMUEL SLOCUMB, Treasurer of East Cambridge Five-Cent Savings Bank, Cambridge, Mass.

THOMPSON.—On March 26, aged seventy-four years, AUGUSTUS P. THOMPSON, Cashier of National Bank of Port Jervis, Port Jervis, N. Y.

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VOLUME XLI.

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No. II.

BUSINESS PROSPECTS.

In a time of general prosperity it is not a cheerful thing to darken the future with gloomy prophesyings. Nevertheless, experience has taught all civilized nations that every period of business prosperity is followed by one of depression; and in these more recent years we have all learned that the prosperous times are much shorter than the succeeding intervals of depression. So now, even the most hopeful do not imagine that the period of rapid money-making will continue very long. What every one engaged in business seeks to do is to improve his opportunity to the utmost and to prepare for the coming storm in good time to escape injury when it shall appear.

Good times have but just begun, yet there are clear indications of a change for the worse, and unwelcome as these are, it is worth while to note them. First of all is the increase in speculative movements. These mean harm to the country in many ways. Not only do they divert capital from its legitimate calling, but they absorb the intelligence and energy which are needed in other directions. Furthermore, when these movements come to an end the losing party has less money to embark in other enterprises, his faith and courage have weakened, and he is like the defeated soldier on the battle-field—ill prepared for another struggle. Passing from these general considerations, there are several specific considerations which forebode only ill to the business interests of the entire country. Among these is the great speculation in wheat now in progress. The speculators are buying it up and holding it for their own evil purposes, and thus demoralizing the present and future market.

How it has suffered in the past from these speculative monopolies we well know. Without doubt the cultivation of wheat in India for export to the English market has been largely stimulated by English experience in supplying themselves with wheat from this country. For several years this was their principal market from which their supplies were drawn, and often at heavy prices. The outcome of this experience, beside great loss, were disgust, and a determination to procure the needful commodity from other sources. To all other wheat-producing countries did they look; but more especially to India. It was determined to increase the certainty of the crop by adequate irrigation and to provide for the economical transportation of it by constructing a vast system of railways, which is now in progress. Some regard lightly the effects of competition from this quarter, but well knowing the experience of purchasing wheat in our market and the determination of the English to supply themselves elsewhere, if possible, and the already largely increased product in India, we think that there is much reason for fearing that the foreign demand for American wheat will largely diminish in the future. Now, we repeat, that the cessation in the demand for American wheat is, and will be, largely the consequence of our own short-sightedness and folly. In other words, the destruction of our foreign market can be rightly visited on speculators, and this new speculative movement, involving many millions, is of the same general character, and will add another stone to the many already weighting down the American market. What better illustration is needed of the truth of what we are saying than that of the captain of a ship who recently went on the San Francisco wheat exchange and offered to transport a cargo of wheat from that port to London for less than half the usual price. Even at that low figure he could not find any one who would fill his ship with wheat. The speculators had obtained control of the market, and they propose to keep their grip on it until their purpose is accomplished. Any one can readily perceive how the market will suffer under this state of things.

This speculative element, which has thus found one field for its exertions, is occupying itself in many others, and the results will be disastrous to all legitimate trade. Of all the foes of the business world to-day the speculator is the worst in demoralizing markets and filling the future with uncertainty. There seems to be no end to his performances, and with cheap money and strong confidence in himself he is likely to go on more boldly than ever, and thus hasten the day when our prosperity shall come to an end, to be succeeded by a much longer period of depression and loss.

Another disturbing element in the business world is the enormous progress in railway building. Doubtless the rapid growth of our country calls for railway extension to a quite unparalleled degree as compared with other nations, yet even here there is a limit to profit-

able railway building. It is not profitable to go far beyond immediate wants in extending existing lines, or building new ones. It is not profitable to build a railway that will not be needed for five or ten years to come. To do so means to render capital during a long interval non-productive. Yet this has been done again and again, and is likely to be repeated during the present season of prosperity. It is as certain as anything can be that many of these new railways will not be needed for many years, and that in the intervening period their projectors or the holders of their bonds will foreclose and sell these properties, incurring heavy losses without obvious gain to anybody. As soon as this period of railway building ceases—and it certainly will stop as soon as people have expended their money and exhausted their confidence—then the reaction will set in. The depression of '73 and of '81 began in the same way. Railway building came to a halt; the iron manufacturers were the first to feel the consequence, then this extended through all other kinds of business until the cycle was completed. When this point was reached, the depression was complete, and remained so until the non-paying roads were reconstructed and became dividend-paying properties, and thus a new surplus was accumulated for future investment. This experience has been repeated again and again in the history of men who have lived long, and is likely to have a fresh illustration from present indications.

Another element is the wild speculation in Western lands. Elsewhere we have said something on this subject, but through the papers we learn that in some sections an extraordinary speculation in corner lots and other lots has begun. Prices have advanced in an almost fabulous way, and this means that the new holders, possessing more hope than sense, have invested their money unproductively, and from which they will lose largely at no distant day. As soon as they learn their folly, or as soon as they fail to get an income adequate to the advance paid, they will begin to suffer for their conduct, and this element will also contribute to bring about the state of things the people so much dread.

This, as remarked in the beginning, is rather gloomy reading, yet these are matters which should be carefully pondered. If they were, men would have less faith in some of the enterprises of the day. What they have learned on other occasions would be constantly reviving in their memory, and would have a sobering effect resulting in slower action in new industrial enterprises and investments. This is precisely the kind of a check which would restore the country to a thoroughly sound and healthful condition. It is better to grow regularly than to grow tropically. It would be far better for all interests if production went on from month to month and year to year with some degree of uniformity. We seem to be somewhat like a drunken man, if not wholly intoxicated, partly so. Our imag-

ination is diseased, our faith has become irrational, and we are rushing headlong into new enterprises and expenditures without much thought. Of course, every man is expected to get out in time, yet nothing can be more certain than that if those who are now in succeed in getting out, another class will suffer, and the effect of their sufferings on the country will be disastrous. Thus over-speculation and excessive faith will inevitably do their evil work, and the only way to prevent this is to go more slowly and more rationally at the present time. To counsel such a course is, we believe, the part of wisdom.

THE NEW YORK BANK TAX CASE.

From this decision of the United States Supreme Court, which is unfavorable to the banks, there is no appeal. Whatever they may think of the injustice of it as compared with other corporations that are taxed, they must pay. It is certain that the grossest inequalities now exist between taxation of these corporations and others existing within the State; but if there be no remedy at law, does it follow that the banks are wholly without remedy? Far from it; two courses are open—one is to get the law modified in favor of the banks; the other is to have other corporations taxed more like the banking institutions. We think the banks do not object so much to the tax, considered by itself, as they do to the inequality existing between the tax paid by themselves and by other corporations. One of the fundamental tenets of taxation is, that all things of the same nature shall be taxed alike, and this applies with just as much force now-a-days as when Smith wrote his "Wealth of Nations."

Of all the various business classes the banks and bankers, perhaps, are the least inclined of any to resort to legislation for relief. This, it is true, does not altogether accord with the impression concerning them, but they certainly are not only peaceful in their operations, but wholly so with respect to legislation. Banks and bankers are neither members of legislative bodies, nor do they have paid agents or attorneys to operate for them. They have but little occasion to ask anything from legislatures. They are as innocent of legislative methods as can be conceived, yet we think that they ought to take a stronger hand either in securing a modification of the existing law or in the taxation of other corporations. It does not follow certainly from this decision that the outlook of the banks is hopeless, and that henceforth they must submit and pay their tax without a murmur. We believe that they might unite and agitate the subject with at least a reasonable degree of success. They certainly should seek to secure through legislative action fair treatment in this matter.

BANKING AND CURRENCY.

In our consideration of the subject of banking we must remember that it does not consist in lending money, as most persons seem to suppose, but merchandise. The banker deals in the same commodities which are produced by the manufacturer and the laborer, and sold by the merchant, and these constitute our quick or available wealth or capital which is loaned or transferred by the use of *currency*.

This currency may be coin or bank notes, or as most of it is, in some form which we create as occasion requires, not only without the aid of legislation, but in spite of it. Our checks, drafts, bills of exchange, and orders on the stores for merchandise, are all currency, and constitute more than nine-tenths of all that is used in our transactions. We may continue for a few years longer to use coins of gold and silver as tokens or currency. But we shall ere long be persuaded that mining and minting the precious metals as mere representatives of other valuable things, is a wasteful extravagance, and that they are too expensive and inconvenient for our purpose.

Bank notes are a *debt currency*. They are certificates of deposit showing how much the banker owes to the people at large, who lose the interest on the amount in circulation which he gains. They are eminently useful, not only as small change to serve where private currency would not meet our wants, but they enable the banker to gather up and utilize for loans, small amounts of capital not otherwise available. On this he obtains interest, which should be equitably divided with the people, through the National treasury.

It is not proposed to dispense with the use of bank notes (even those of small size), and the question is, how we are to secure the issue of the proper amount of such quality or character that they can be used safely by the Government and the people in place of coin?

Some persons imagine that the volume of what they term currency must be determined by legislation, and that this controls our commerce. They are like the woman who wanted one of them things which "regulated" the weather, and she wanted it to be fixed at "sixty-five," because that was what the doctor said.

Currency is a consequence, and not a cause, and it has no more effect on our commerce than our means of transportation. The volume, under a proper system, should, and naturally will be, self-regulated always.

Banking institutions are the appropriate channels through which the notes should enter into our currency circulation, and it is the duty of all civilized people to provide such as will purchase and pay within their proper sphere upon the same terms as gold, which has all over the world a certain commercial or intrinsic value independent of the mint, or any human legislation.

It has a generally well known and considerably uniform relation to labor, by which it is produced, and though it may change, it will be but slowly, and therefore have but slight effect upon our contracts to pay money in future.

It is really, as it has been for a long time, and will continue to be so long as England adheres to it, the money standard of the commercial world; for London is the commercial center to which all countries turn at present.

These centers must be recognized and our arrangements made with reference to them, as was done in New England more than sixty years since, when the Suffolk Bank system was established and gave us as good a bank note currency without the aid or interference of legislation as ever has been known. It required no specie to be kept idle in the local banks, but that they should redeem their notes in Boston, toward which they naturally flowed, in funds equal to specie.

The notes were collected, assorted, and sent home for ten cents per thousand dollars, while the same service under our present system at Washington, costs seventy cents. Washington is not the place for this service, which should be performed by a central institution in New York, with branches in other cities toward which the notes flow. And these institutions should keep and disburse the Government funds, as has been done by our banks here for Massachusetts during the past eighty years, not only without charge, loss, or delay, but they have paid interest on deposits and made temporary loans in anticipation of the revenue when requested. Previously we had an "independent treasury," and a defalcation of seventy thousand dollars.

There is no good reason apparent why governments should not use the same instruments and agencies which are fit for the people, and it seems as if the first of these should be a single standard of value, by which we can make our contracts for the payment of money intelligently. We certainly never can do this if there is more than one, for no human legislation can ever fix the relation between two commodities such as gold and silver, any more than it can the amount of labor required for their production.

Let us then cease our efforts by conferences and commissions to set aside natural laws, and endeavor by some means to secure the adoption of an international standard, so that at least the pound sterling, twenty-five francs, and our five dollars shall have identical

weight and fineness, and therefore the same commercial value everywhere. Having accomplished this, as we shall in the not very distant future, we shall be prepared through the system of banks already suggested, to issue notes which shall be redeemable in funds equal to gold at the final trade center, wherever that may be, and therefore not only as good as gold, but much better, because cheaper and more convenient.

Practically, in the transmission or transfer of funds or loanable capital, we have annihilated time and space, and through our banking systems converted the commercial world into a great clearing house, where the borrowers to-day can become the lenders to-morrow, and all the otherwise idle capital be made available to an extent not as yet anticipated. Employing gold and silver coin as currency will be an extravagance not to be tolerated, because we shall have paper which will be certain to purchase and pay within its proper sphere of action upon as good if not upon better terms. And this paper, whether in one form or another, is not to be founded upon specie, as many seem to think our notes are at present, nor upon government debt, either general or local, but upon the commodities which it represents and to which it is the title. No other paper is fit to be called currency, and we insist that it shall always be convertible into whatever we wish to pay or purchase, upon the same terms we could have with gold. Gold is, and as we have said, long has been and will continue to be our standard of value. But it is not the only basis of currency.

It is not denied that there should be some satisfactory security in the hands of the Government to insure the fidelity of the banks as its agents. On the contrary, we insist that the corporation or its officers shall deposit an ample amount of valuable productive securities or titles to property to accomplish our purpose. And these should be in addition to and not part of the loanable capital, which, with the circulation and deposits, should be invested in legitimate short-date business paper, which will fall due and be paid at the right time and place to meet the obligations of the bank promptly.

Such paper, and only such, is the true basis of a currency, and the banker who has it needs no specie, and may be safely trusted to fix the amount of his idle reserves. The directors in such a bank will direct, and we may also trust them to fix the amount of notes they will call for, as well as other details of management.

We have proposed as a matter of simple justice to the people at large that the banker shall pay an equitable portion of the profit on the circulation into the public treasury. That, besides being just, would remove a cause of complaint which some persons make, and diminish the temptation to over-issue for profit. The bankers would be simply our agents for performing a certain service for which they are fitted, and should have their compensation.

Their capital, so far as invested in the notes of their customers, should be free from taxation, for the property behind those notes has already been taxed. We must learn sometime in the future that one tax is sufficient, and that we have nothing to do with paper titles in any form. Make banking or lending merchandise free, and leave the volume of currency to regulate itself, as it will by the volume of transactions.

D. W.

BOSTON, March, 1887.

WESTERN LAND INVESTMENTS.

At the present time there seems to be an unusual activity in Western land speculation. We do not wish to say one word against the investments which are wisely made. No doubt the security in many cases is ample. Western land in a general way is enhancing in value, the cities are growing, new and old lines of railways are gradually improving and enormously enhancing the value of the land adjacent to them, and in many ways that need not be mentioned, the land in general is becoming more valuable. We all know, for example, that the public domain is rapidly passing to private owners, and that in a few years more Uncle Sam's personal ownership will be reduced to a few acres. When this time arrives, land will become a monopoly, and its value will, in the natural order of things, advance. What will affect its value still more is the increasing tide of emigration which finds its way westward, going on to the new lands, and making them bud and bring forth abundantly. These, of course, are all familiar facts to every one, therefore we repeat that in a general way a large portion of Western land is enhancing in value, which is likely to be permanent. Yet while this is true there is another side, too often, we fear, overlooked at the present time. In some of the cities and villages prices are boomed beyond all reason, and then endeavors are made to obtain loans based on these new and fictitious values. Not many years ago one of the prominent cities in the West suffered fearfully from fictitious advances of this character. Lots advanced with great rapidity; Eastern money was loaned to the owners based on the new, fictitious or imaginary values, which, receding much in a few years, left the lenders stranded. We fear that in some localities the same experience is likely to be repeated. The enormous advance is not based on reason, but simply on imagination, and loans of 60, 70 and 80 per cent. on this inflated valuation are likely to prove risky ones, and perhaps losses will be incurred in the end on the part of the lenders.

We therefore advise all who are inclined to put their money into

these investments to consider carefully what they are doing. As above said, many of these investments are of the very best character. What is needful is a proper discrimination in loaning, but how shall this be exercised? The lender says, "I cannot go West to examine into the nature of the security offered, and even if I did, I should be obliged to rely upon the judgment of others who live there who are filled with the rosy view of things now prevailing, and therefore I should be as likely to make a blunder as I would if making the loan where I am," so he trusts to another and invests his money. Whether the loan be sound enough, therefore, depends on the honesty and good judgment of the agent or other party on whom he relies. The persons who are thus acting to-day are in many cases well informed and perfectly capable, and are acting wisely and efficiently in this business, but it must also be remembered that persons having bonds and mortgages to sell are desirous of selling them. Their profits depend on finding purchasers, and therefore self-interest leads them to make sales, even if the security be not ample and fully as great as the lender supposes it to be. There is danger in this. The agent's interest is really opposed to that of the lender of money; that is to say, the lender seeks to be conservative, the agent, on the other hand, is optimistic in his representations and methods. We warn all who are thus investing in these Western lands and enterprises, not to stop by any means, but to exercise the utmost care and circumspection in thus putting their money beyond their reach and sight. Many of these investments are perfectly good, but many of them, we are quite certain, are not, and consequently it behooves lenders to use the utmost discrimination and circumspection in thus lending their money where they can neither see the security nor know the owner, nor the future prospects concerning either. Let investments go on, but let them be made with greater care; let them not be made at extravagantly fictitious valuations of the security but for proper values, and then all will be well. Where such a course has not been exercised in making these investments, it is time to begin. The more conservatism and circumspection exercised in thus committing the lender's money to others beyond his reach and sight, the better.

FINANCIAL FACTS AND OPINIONS.

The "True Causes of the Decline in the Prices for Wheat, and a remedy," is the subject of a pamphlet by Mr. Ivan C. Michels, of Washington, who has at great pains and with surprising patience tabulated the prices for wheat in fifty-two Indian markets during the last twenty-five years. The prices are averaged by decades from 1861 to 1881, and for the four years from the latter period to 1885. Referring to these tables it appears that the highest price per bushel was realized during the first decade at the market of Tinnevely, and was \$2.44½. The lowest average was at Rappan, and was 36½ cents. Wheat commanded more than two dollars a bushel at only three of the fifty-two markets from 1861 to 1870, and upward of \$2 at only sixteen of the markets cited. The general range in thirty-three of these markets was from 66½ to 96 cents. From 1871 to 1880, the highest average price at any of the same markets was \$2.23½, at Tinnevely, and wheat sold for \$2 at only two out of fifty-two markets. But the average in twenty markets was upward of one dollar. In the remaining thirty-two markets the range was from 37+ to 97+ cents. During the four years ending in 1885, the highest average price was paid at Lakimpoor—\$1.66½, and only sixteen markets averaged upward of one dollar a bushel. In the remaining thirty-six markets the range was from 44+ to 98+ cents. Taking the averages by decades in the thirteen provinces the account stands as follows:

1861-70.	1871-80.	1880-85.
Per bushel....95.06 cents.	.... 96.85 cents.	.... 86.30 cents.

Mr. Michels states that the export price of wheat in this country has fallen from \$1.24 in 1879-80, to 87 cents in 1885-86, while the export price in India has decreased from \$1.31 in 1879-80, to 99 cents in 1885-86. He argues that while the American farmer is barely making a living the Indian ryot is making a handsome profit. During the same period the average freight paid on wheat exported from this country was 8½ cents a bushel, while the Indian exporters paid 14½ cents. Thus, last year, the first cost of a bushel of American wheat laid down on British wharves was \$1, while the first cost of a bushel of Indian wheat so delivered at the same ports was \$1.19. The profit on Indian wheat under such accounting is explained by Mr. Michels by the fact that Council Bills issued by the Bank of England on the treasury of India, were 33½ per cent. in favor of Great Britain.

Mr. Michels, who is a pronounced silver advocate, attributes this distemper of the export trade and the decline in wheat prices, to

the limitation of silver coinage. His remedy is to put silver on an equality with gold—that is, make coinage free and unlimited—and England will have to pay for all the silver it wants for India at the rate of \$1.29¼ per ounce fine. He claims that the purchasing power of the rupee has not essentially varied in India for a quarter of a century. In reckoning the loss of American farmers by the decline in wheat prices in 1886, at \$171,796,714, Mr. Michels does not seem to note the cognate fact that there was a general decline in prices along the entire line—a fact which seems to have a direct bearing upon a reckoning of profit and loss. His pamphlet is, however, most interesting, and will be found of great value to the statistician, whatever may be thought of his reasonings and deductions.

The returns of the British brewing trade for the year ending September 30, 1886, show that the number of licensed brewers has steadily decreased since 1882, when no fewer than 16,600 persons were engaged in that industry. For the year to which the returns refer, the number of licensed brewers had fallen to 14,166. It is also to be noted that production is at a standstill, only one large company returning an increase over 1885, and that of barely a thousand barrels. This was the Guinness Joint Stock Company, which brewed 1,358,300 barrels, against 1,357,600 barrels in 1885. The outturn of this company increased from 1,027,000 barrels in 1881, to the above stated product in 1886. The Allsopp establishment has steadily decreased its product since 1881, it amounting in that year to 874,300 barrels. Last year but 650,100 barrels were produced. The *Economist* notes the decreased consumption at home, and the great falling off in prices of raw material. It accounts for the popularity of the shares of the Guinness Company as due to the unprecedented profits. For while the cost of production has lessened, the price of the product has not been reduced. The fact is also noted that the licensed houses are passing into the hands of the brewers.

The nine Metropolitan London banks netted £613,000 during the half year ending December 31, 1886, against £536,000 for the corresponding half year in 1885. The increase of reserves from Dec. 31, 1885 to Dec. 31, 1886 was £16,000. There was a decrease in cash deposits of £7,116,000. The dividends declared by the London banks were, as a general thing, increased, only one bank showing a decrease. The balances carried forward to 1887 aggregated £112,700 against £68,200 brought forward from 1885.

The British Iron Trade Association reports a decrease of about sixty thousand tons in iron and steel ships built in Great Britain in

1886 as compared with that of 1885. But there was an increase of 43,712 tons in steel vessels last year as compared with the year before. The steel tonnage last year amounted to 55 per cent. of the whole product last year. There was also an increase of tonnage on foreign account, the total for such account having been 80,701 tons. The decrease in the product was wholly of iron vessels, and it is believed that the displacement of iron by steel vessels is bound to increase annually until a complete substitution shall be effected.

What are called "Profits on Silver Coinage" have muddled the silver question almost beyond cure. The *Chicago Mining Review* speaks of the request of the Secretary of the Treasury for an appropriation of one hundred thousand dollars for a storage vault, and ridicules the idea that the cost of a vault room should trouble anybody. It puts the profits on \$30,000,000 silver dollars coined in 1886, at \$6,500,000, and adds that "it looks as if Uncle Sam can afford storage." What are called the "profits" on silver coinage represent the difference between the legal tender or par value of a dollar and its value as bullion. But in fact, there can be no "profits" in the ordinary acceptance of the term on any silver coined under the law. Though this government were to pay out fifty cents' worth of bullion for one hundred cents, if it must receive the same bullion as a dollar, what does it make? Yet that is the exact fact—the government must receive the silver dollar at par for all dues. It can only enjoy profits on that hoarded, exported and lost, for of that in circulation, probably each dollar finds its way into the Treasury every year.

A "*compromise tariff bill*" is proposed by Congressman Morse, of Massachusetts, and he would have it framed "by no one man or party, but after careful consideration of the propositions of different factions and parties." It is generally understood that all tariff bills are in the nature of a compromise, and none that is of record has not become of record after some sort of consideration by all factions and parties. But Mr. Morse evidently means that a tariff bill, relating as it ought, solely to business, should be framed in accord with the fundamental laws of business. That may be a rather difficult thing to do, because all tariffs are enacted by Congress, and Congress is not by any means a body of practical business men. Were there no parties it would still prove a difficult work to frame a tariff that would be strictly equitable from all points of observation. But it would be possible to eliminate the grosser selfishness from the propositions, leaving a net liberality that might suffice. Mr. Morse would call the proposed bill "*The People's Tariff Bill*," and he would have it represent no personal interest or befriend any one

industry or section to the detriment of another. When skilled production becomes an important industry throughout the country, protective duties will be acceptable everywhere. Until that becomes proximately the condition, sectional as well as personal clamor will assail any tariff bill possible to be framed, and calling any tariff bill "The People's Tariff Bill," will not silence that clamor. It can be silenced only by solidifying interests.

The payment of customs duties is popularly supposed to be made in silver and silver certificates in large part, but the supposition is not always sustained by the facts. The receipts at the New York Custom House during six consecutive days in March were \$3,177,268. The payment was made in various lawful money, as follows:

Gold coin.....	\$25,500
Gold certificates.....	2,371,000
Greenbacks.....	419,000
Silver certificates.....	354,000

By this showing it appears that more than 66 per cent. of the receipts for customs duties was in gold. The payment in gold coin was indeed quite small. But the fact that the payment in greenbacks exceeded that in silver certificates by \$65,000 is significant. It would appear to indicate a preference for silver certificates for circulating purposes. That may be owing to the issue of smaller denominations of silver certificates and the disappearance of small greenbacks from circulation. The preference for gold certificates is probably due to the fact that none are of a smaller denomination than \$20, which renders them less available for small exchanges.

The decline in freight charges on railroads during the last twenty years is the subject of comment in nearly all financial journals. A tabulated statement in the report of the St. Paul road shows that the rate per ton per mile over that road was in 1865 4.11 cents, since which time the decline has been uninterrupted save in 1867, until the low rate of 1.17 cents was reached in 1886. This decline is not peculiar to the St. Paul road. Rates have declined throughout the country and in about the same ratio. It appears that the decline in rates in 1886 was fully 9 per cent., the increase in gross earnings a little more than 1 per cent., while the increase in freight handled was upward of 9 per cent., of passengers carried over 13 per cent., of freight mileage over 11 per cent., and of passenger mileage over 9 per cent. The fact that with all these elements of increase the gross earnings were only about 1 per cent. over this particular road is explained by the decline in freight and fares. The system increased its mileage in 1886 over that of 1885, 377 miles, and had in operation an increased mileage of about 2½ per cent. This is probably an example of the effect of sharp compe-

tition for business, but it is not an example to be followed. The road appears to have dropped about seven millions in gross earnings since 1881, estimating its business at the rate of 1.70 cents per ton per mile, its rate for that year. It is possible that the railroads are about to enter upon a more rational course under the State and Inter-State laws.

The total of circulating money in the country, on the first day of April, including money in the Treasury, was \$1,617,815,764. Of this total, \$1,313,391,996 was reported as in the hands of the people. The latter sum may have represented the amount of currency outside of the Treasury, and approximately no doubt it did. But were the idle funds on that day to be deducted from the amount so found, it would probably appear that much less than a thousand millions was passing from hand to hand, and hence performing the function of a medium of exchange. It is not the money lying idle in banks or other places for safe keeping that measures the business of a country, but the amount mobilized by trade. It would be next to impossible to determine the actual sum of currency in circulation on any particular day in the year. It can never be ascertained how much of what may be on deposit at any point is not liable to demand by checks and drafts in transit. A draft upon a deposit mobilizes its face value of that deposit the moment it changes hands. It is true, however, that much of the coinage since July, 1886, has gone into the hands of the people. Of the total gain (about sixty millions) since July, 1886, the greater part has no doubt gone into circulation, and still remains active or at the command of the people. The Treasury lost in addition some four and a half millions, and the New York banks seem to have lost more than ten millions in specie and greenbacks.

The financial condition of the Irish people is partially disclosed in the report of the Irish Registrar-General upon the banks. By a tabulated statement, prepared and published by the *Economist*, it appears that the deposits in banks of all kinds have more than doubled within twenty-four years, while the population of Ireland has decreased about a million during the same period. The total bank deposit in 1862 was sixteen and a-half million pounds, while in 1886 the total was upward of thirty-four and a half millions. The increase has not been steady, however, or strictly cumulative. The largest total having been reached in 1876—£37,374,000. It decreased upward of four millions in 1880, the decrease having been pretty steady during the four years covered. The next highest total was reached in 1882—£36,542,000. Then followed three years of steady decrease, carrying the total down about three millions. Between January, 1885, and December 31, 1886, there was a recovery of about

a million, but during that period Ireland decreased in population more than thirty thousand. The increase of deposits per capita since 1880 is about one pound. It is worthy of remark also that Irish investments in Government and India stocks increased £391,000, from 1885 to 1886. While these facts do not conclusively prove that Ireland is more prosperous now than a year ago they are none the less rather significant.

The Spanish Budget for the fiscal year 1887-88, submitted by the Minister of Finance to the Congress, anticipates a deficiency of more than half a million dollars. The deficiency of the year 1885-86 was about fifteen millions. By appropriating certain moneys held by the Bank of Spain for special purposes, there was made to appear something like three and a quarter millions surplus at the close of the year 1886-87. The revenues appear to be decreasing, the estimated receipts for 1887-88 being put at about eighteen million dollars less than for the previous year, while the estimated expenditures fall about fourteen millions below the estimates for the previous year. It is now proposed to sell the tobacco monopoly to the farmers, which would add about eight millions to the revenues, while a further sum of four millions is expected to be derived from the military funds.

The standard of value is again attracting the attention of economists and a revival of the discussion may be expected. Professor Marshall comes forward in the March *Contemporary Review* with quite an elaborate essay, in which he proposes to substitute for the standard in vogue (metallic) "a standard of purchasing power based upon the ascertained prices of all important commodities." The idea is to take the prices of every kind of commodity, say at the beginning of the year 1887, and on this basis determine the purchasing power of a pound sterling. Then, with the standard of purchasing power so found, which he would designate as "The Unit," he would from time to time have authoritatively declared how much of the currency had the same purchasing power as the pound sterling had upon which the unit was based. To illustrate, he supposes that three years hence it might be found that 18 shillings had as much purchasing power as 20 shillings had Jan. 1, 1887, and in that case a debtor would be privileged to pay 18 shillings in the pound in full satisfaction of all debts contracted at or prior to Jan. 1, 1887. If Professor Marshall has any formula for determining the exact purchasing power of a pound at any given time there might not be any serious injustice involved in his new way to pay old debts. But as the attempt to establish a standard of value by taking the prices of 100 staple commodities at some specified time has never quite succeeded, how can we

suppose that the prices of many hundreds of commodities being taken will give as good, not to say a more certain, result? It will never be possible to resolve market prices for a large number of things into their elements. A variety of sub-causes must affect market prices. The scheme outlined by Prof. Marshall may be ingenious, but it is clearly impracticable. The idea of a government intervening to scale down, or up—for the scheme includes augmenting the principal of a debt also, if the standard so determines—the debts of individuals, is about as wild as any of the wild cat finance which has been a six days' wonder in this country since the close of the civil war. It would be quite easy to demonstrate the impossibility of establishing a standard purchasing power for a pound, or for a dollar, in the way proposed. It is true that Prof. Marshall suggests that "The Unit" shall take the place of the "pound" and the "dollar" in financial nomenclature. But with half a century of effort to abolish, "pounds," "ounces," etc., as well as "miles" and their constituents, nothing has been done save in select circles. And even then the French terms are translated into the English correspondents before anybody, not a Frenchman, comprehends anything.

The Argentine Republic, with a population of less than three millions, and a State and provincial indebtedness of about three hundred million dollars, is now embarked in a business which, to say the least of it, is precarious. Upward of ninety millions of what are called "cedulas," or land bonds have already been issued. This seems to be a system of banking upon mortgage securities. The plan is to loan moneys upon landed property equal to half its assessed value. The government banks issue "cedulas," or their bonds at par instead of cash. The mortgagors sell these bonds at their market value, which varies as the premium on gold fluctuates. These bonds are guaranteed by the Government of the Province controlling the bank, bear interest at six, seven and eight per cent., according to the series. The Provincial Bank of Buenos Ayres has a series of six issues, each issue being limited by law. But the National Bank has entered upon a similar mode of creating a medium of exchange with a roving commission. It can issue "cedulas" on any landed property within the republic, and apparently has no limit other than that of acres. Some of these bonds have been marketed in London and on the Continent. The guaranty of the government is questioned in some quarters because of its indefiniteness. An "indefinite" guaranty for the payment of money might be regarded fatal by some, who look upon money transactions favorably or unfavorably as they are definite or the reverse. Apparently the mania of speculation has taken a deep hold of the Argentines, and these land bonds are not the only indications of kite-flying, over-

expansion and final collapse. A government eager to run in debt, even when backed by real estate security, may be regarded as somewhat reckless, to say no worse. There is a flavor of French assignats about this land-bond scheme.

The grain receipts at Chicago since the first of the year, while not up to the receipts during the same period of 1885, show an increase of a million bushels above those of 1886. The increase pertains to wheat and oats, there being a falling off in corn and barley. The receipts of flour exceeded those of the same period last year upward of a million barrels. The receipts of pork were greater than last year by more than twenty-two thousand barrels, and twelve thousand barrels in excess of the receipts during the same period of 1885. The receipts of cut meats exceeded those for 1886 more than twenty-two million pounds, which was about the increase over those of 1885. Receipts of lard increased in about the same proportion. The falling off in Western markets was chiefly in corn, all save Milwaukee showing a considerable gain on the same period last year in wheat, oats and flour. The movement in grain has been somewhat retarded by pending changes in rates under the new law.

The movement of the cotton crop since the first of the cotton year (Sept. 1, 1886) is indicated by the receipt of 5,091,818 bales against 4,954,929 bales during the same period of 1885-86. The increase is 136,889 bales. This total movement has been equaled only once in five years, namely, in 1883-84. The exports during the same period were 4,047,169 bales against 3,452,846 bales for 1885-86. On the 15th of April there were on shipboard and not classed, 50,011 bales, and in stock, 425,998 bales. The total of cotton in sight on the date last mentioned, which includes the supply from all sources, was 2,601,714 bales, distributed as follows:

Great Britain.....	998,000 bales.
Continental.....	396,300 "
Afloat and in stock.....	1,207,405 "

The increase of the visible supply as against that for the same time in 1885-86 was 34,363 bales. A slight increase in receipts is shown at Bombay. But the exports to Europe from the East since Sept. 1, 1886, are greater by 61,000 bales than during the same period of 1885-86.

The Land Mortgage Security Banks of the Argentine Republic are most vigorously attacked in the *Buenos Ayres Standard* of recent date. The Provincial Mortgage Bank, according to the *Standard*, has issued about one hundred millions in cédulas but has for fifteen years been unable even to pay the interest on its two millions

capital borrowed of the Provincial Bank. It lately notified mortgagors that if they failed to pay the interest on their mortgages, their property would be sold at auction. The *Standard* asks whether any mortgage debtor of the bank is indebted to the bank for fifteen years' interest, and suggests that if the bank cannot pay the interest on its debt to the Provincial Bank, it had better go into liquidation. The London Stock Exchange refuses to quote the cédulas issued by the Mortgage Bank.

Some idea of crop values may be derived from the statistics published by the Department of Agriculture touching the crops of 1886. The corn crop was 1,665,000 bushels, worth, at 36½ cents a bushel—the average market price—\$607,725,000. The area planted was 75,000,000, valued at \$610,000,000. The area, compared with that of 1885, was increased about 3 per cent.; against this must be placed a decrease of product of 14 per cent. The increase in market price was 12 per cent. The wheat crop aggregated 457,000,000 bushels grown on about thirty-seven million acres valued at \$314,000,000. The value of the crop at the average price of 68½ cents a bushel, was \$313,045,000. The oat crop aggregated 624,000,000 bushels, valued at \$186,000,000. There was a slight decrease in yield and a similar increase in market price.

According to a writer in the London Economist there was little variation in quantity of breadstuffs consumed by the British public during the three triennial terms, beginning with 1872, and ending in 1880. The consumption per capita was 343, 347 and 349 pounds respectively, and consecutively by triennial periods, and the average for the nine years was 346½ pounds. But in the period 1881-83 the average per capita consumption was 354 pounds, while in that of 1884-86 it was only 337 pounds. The average cost during the first nine years was £1 15s. 5d., while in the period from 1881-83 the average was £1 12s. 1d. Coming down to the latest period the average cost was £1 3s. 4d., showing a considerably decreased cost in living. The consumption of meats, as given by the same writer, shows somewhat differently. The highest consumption per head was during the period 1878-80 and the lowest in that of 1881-83. The highest average cost per head was during the second triennial period 1875-77, and the lowest cost during the last period 1884-86. Yet the consumption during the last period was greater than during the second period, while the cost was eleven shillings less. The consumption per head of rice during the same periods ran in about the same proportions as that of wheat, the highest average having been in the period 1881-83. It is estimated that the British workman is saving about three and a half pence a week in the cost of bread as compared with the cost in 1872-74. Allowing the whole

body of wage-workers to be 25,000,000 the saving would aggregate nearly \$1,500,000 per week. However, several unknown quantities enter into this problem, and entire accuracy cannot be expected. Certain coincident facts noted by the writer in the *Economist*, and given considerable weight by him, seem rather weightless upon close examination.

BIMETALLISM IN EUROPE.

[CONCLUDED FROM THE APRIL NUMBER.]

THE LATIN UNION.

We now turn to France and the Latin Monetary Union.

The double standard system, purposely adopted as a national currency system, had its origin in France, and dates from the French Revolution. For over four centuries before that epoch the franc, with frequently altered value, had been the unit of the French money of account.

Coins bearing the name of franc were first struck in 1360, under the reign of John the Good. They were of fine gold, and weighed $2\frac{1}{2}$ pennyweights. Their weight was afterward reduced to about two pennyweights. Silver francs were first coined in 1575, and had a current value of 20 sous, afterwards increased to 21 sous. Owing to its depreciation by clipping, the franc was superseded by the silver louis, but it continued to be the unit of valuation. At length, in 1795, the franc was divided into hundredths called centimes, and its legal weight was fixed at 3.215 pennyweights, $\frac{9}{10}$ fine. This franc was adopted as the monetary unit, and its multiples were coined in both gold and silver. The law by which this was accomplished was that of the 28th Thermidor, an III., and was the outcome of Mirabeau's propositions in the National Assembly, that silver should be made the constitutional (legal tender) money, and that gold and copper should be used as "additional signs of value."

In the year IX. of the French Republic, Gaudin, then Minister of Finance, proposed that the ratio of 15.5 : 1 should be adopted in fixing the weight of silver coins in relation to those of gold. This ratio was deemed sufficiently approximate to that of the market values of the two metals to enable the coins to circulate side by side for a long period of time. By the celebrated law of 1803, known as "La loi du 7, Germinal an XI.," the scheme of Gaudin, including the free coinage of gold and silver, was adopted, and the operations of the bimetallic system began in France.

It so happened, however, that the ratio legalized by the law makers of the Revolution, undervalued gold, and, in accordance with

the metals was established by law at 15.5 : 1. Any person paying a small coinage charge could obtain at Paris coin, of either metal, in exchange for fine bars of the same. But the market ratio of gold and silver which had, up to the beginning of the nineteenth century, always been below 15.5, now (under the law of 1803) ranged steadily above that point. From 1801 to 1850, inclusive, gold commanded a premium, and was melted down for mechanical uses, or for export. During the first half of the century, therefore, the double-standard law drove gold from circulation, and filled Western Europe with a redundancy of silver coin. The effect of the law was monometallistic, not bimetallistic, and while the composite legal tender held gold and silver together in joint circulation in England, the double legal tender drove them asunder in France.

But as soon as the American and Australian discoveries made gold the cheaper metal, enormous quantities of it were brought to the French mints for coinage, so that, in France, from 1851 to 1867, there were coined 5,806 million francs in gold against 393 million francs in silver, and vast quantities of the silver currency disappeared. It is estimated that, of 4,000 million francs in silver shipped to India during the period just named, more than half was the melted coinage of the four franc-using countries—France, Belgium, Italy, and Switzerland.

This exodus of the silver, and particularly of the smaller pieces, was a cause of great inconvenience to the people, and in Belgium was so extensive that the stock of divisional coins became absolutely insufficient for the wants of business. Hence, to check the flight of the small coins, various regulations were made by law in Belgium, Italy and Switzerland, reducing the intrinsic value of the franc and its multiples. Thus it happened that in France the fractional coins were all superior in value to those of Switzerland, the French one-franc piece was superior to that of Italy, and the 50 and 20 centime pieces of France were inferior to the Belgian coins of the same denominations. It became, therefore, a good speculation either to melt down the French coins into bars, or to export them, especially to Switzerland, whose coins of the same denomination were rigidly excluded from the public offices of France.

In this emergency Belgium came forward with a proposition to the French Government that, for the purpose of establishing uniformity in the divisional coinage, and for mutual protection against speculators, a monetary union should be formed of all the countries which had adopted the franc as the basis of their currency. At the Conference which was accordingly held in Paris, in 1865, Belgium, seconded by Italy and Switzerland, proposed the adoption of the gold standard, all the silver coins to be considered as divisional money, but France would not agree to this without first submitting the question to an exclusively French committee. The result was,

the adoption of the French coinage system, and an agreement among the conferring powers to reduce the value of all silver coins less than five francs to a token basis, so that, being worth more legally than they were actually, such coins could not be melted or exported with profit. The amount of the reduction was from 900 to 835 parts in 1,000, or $7\frac{1}{4}$ per cent. It was further agreed that the divisional coins should be a legal tender to the extent of fifty francs, and that the amount of them coined in any country of the Union should not exceed six francs per inhabitant. The French law had already limited the legal tender quality of the copper coins to sums below five francs in any one payment.

By its terms, the Convention was to continue until July 1, 1880, and if not repealed a year before that date, it was to remain in force for an additional period of 15 years, and so on until repealed. It was concurred in by the commissioners Dec. 23, 1865, and took effect Aug. 1, 1866.

It being stipulated that any other country might join the Convention by accepting its obligations, Greece acceded to it in 1868, and thus was completed what has since been known as the Latin Monetary Union. Let us now sketch, briefly, the history of its operations.

It has been often stated, and is an obvious corollary, of the Gresham law, that when a nation opens its mints equally to two fluctuating metals, it will be perpetually liable to change from the one to the other. Whenever one of the metals depreciates it will be brought to the mints for coinage, and when coined will be used to buy and remove the metal of higher value. In other words, such a country will always be taking the worse metal and giving the better—always selling silver for gold, or gold for silver, just as the market relations of the two metals happen to vary. Such is one of the inevitable consequences of the double or alternate standard, and it is exactly what happened to the States of the Latin Union.

The Union was formed just after our civil war had closed. While that war lasted the European cotton supply had to be derived largely from India, and this, with other circumstances, created a great demand for silver for remittance to the East. France was therefore half-emptied of silver by purchase for export to India, and was surfeited with gold. But soon after 1866 a great change took place in this state of affairs. Our war having closed, the silver demand for India was greatly diminished, and at the same time the silver supply from the United States was enormously increased. Our silver product, which was but \$2,000,000 in 1861, and \$10,000,000 in 1866, rose to \$16,000,000 in 1870, and \$36,000,000 in 1873.* In round numbers the declared silver imports of Great Britain were, in 1870, sixteen, in

* Sir Hector Hay's tables.

1871, twenty-eight, in 1872, twenty-two, and in 1873, twenty-nine millions of dollars. Meanwhile Germany had, in 1871, begun the reform of her currency system, and the withdrawal and sale of large quantities of her old silver.

The effect of all this was to turn upon the States of the Latin Union a cataclysm of silver, and their power to absorb that metal was taxed to the utmost. The market ratio of silver to gold, which had been 15.44 in 1866, rose to 15.57 in 1867, 15.60 in 1868, 15.63 in 1872, 15.90 in 1873, and 16.15 in 1874.*

It has been said that in this emergency the Latin Union furnished an "equilibrating apparatus" by which the possible depreciation of silver was greatly retarded, and that if France had continued to act as a "great compensatory currency pendulum," and had been willing to bear the cost and inconvenience of so doing, she would have reaped, with other nations, the advantages of increased steadiness in the value of the precious metals. But she was not willing. The French people had been educated to the use of gold, and when they saw the beautiful gold napoleons, half-napoleons, and five-franc pieces making way for the old heavy silver écus, they were not pleased. Moreover, they remonstrated against being obliged to purchase cast-off silver for the convenience of Germany. They had adopted the double standard for their own particular benefit, and not for the benefit of their neighbors, or for the general welfare of mankind, and they declined to bear any longer the expense and inconvenience of the contrivance, even though other countries, or the world at large, might be greatly profited.

Accordingly, in 1874, the Latin Union suspended the coinage of legal-tender silver, just as it had already limited the coinage of divisional silver, and the double standard system practically ceased to exist.

Henceforth in France, and in the States associated with her in the monetary league, silver became a subsidiary or token coin, and the double standard gave place to a composite standard substantially the same as that of England and Germany.

At present the Latin Union is said to be in an "expectant attitude," or that of waiting for something to "turn up." The expectation seems to be that a bimetallic union will be formed in which our own country, and all the great States of Europe will take part. Some encouragement has been given to this hope by the action of our Government. At the invitation of the United States an International Monetary Conference convened in Paris in August, 1878.† It was the primary object of this Conference to establish,

* London quotations.

† The first general International Monetary Conference was held in Paris in 1867, having been convened by the French Government in pursuance of the Latin Union Treaty of 1865, which provided for the accession to it of other States. Twenty different countries, including

by international agreement, a fixed ratio between gold and silver. The countries represented were Austria-Hungary, Belgium, France, Great Britain, Greece, Italy, the Netherlands, Russia, Sweden and Norway, Switzerland, and the United States. Germany sent no delegation, and took no part whatever in the Conference. The Commissioners on the part of the United States were Messrs. Reuben E. Fenton, W. S. Groesbeck, Francis A. Walker, and S. Dana Horton, the latter acting as Secretary to the American Commission.

The Conference afforded an opportunity for discussion, and the comparison of views, but accomplished nothing definite. England appeared willing to promote the use of silver only so far as she could do so without compromising her position as a gold-using State. Switzerland, though belonging to the Latin Union, gave unequivocal expression in favor of the gold standard for Europe. To the dismay of France, Belgium, also of the Latin Union, was decidedly opposed to the double standard. Russia reserved her decision until she should be prepared to resume specie payments. The United States delegates submitted a proposition that

"The use of both gold and silver as unlimited legal-tender money may be safely adopted, 1 : By equalizing them at a relation to be fixed by international agreement ; and 2 : By granting to each metal, at the relation fixed, equal terms of coinage, making no discrimination between them."

But this was not approved. On the contrary, the Conference declared, by a decided vote, that no engagement could be entered into as to the free coinage of silver, and that this excluded discussion as to the adoption of a common ratio between silver and gold.

The influence of the United States delegation was much impaired by the suspicion that the action of our Government had been mainly determined by the fact that this country is a large producer of silver.

It was also remarked as a significant fact that the advocacy of silver came mainly from States which were in financial embarrassment, or were afflicted, like ourselves, with an irredeemable paper currency.

By simultaneous invitation of the United States and France, a third International Monetary Conference was held in Paris, begin-

the United States of America, were represented. The English delegates declared that they had come simply to listen, study and report. The principal subject discussed was: "By what means it is most easy to realize monetary unification," and a resolution was adopted, the Netherlands only dissenting, that this result was attainable "on the basis and condition of adopting the exclusive gold standard, leaving each State at liberty to keep its exclusive silver standard temporarily." The single silver standard was unanimously rejected. The Conference further declared in favor of the Latin Union system as a basis for monetary unification, but reserved its opinions as to the standard.

ning in April, 1881. At that Conference, delegates were present from Austria-Hungary, Belgium, Denmark, Germany, Great Britain, the Netherlands, Portugal, Russia, Sweden, Norway, Switzerland, the United States, and France. The delegates representing the United States were Messrs. Allen G. Thurman, William M. Evarts, Timothy O. Howe, and S. Dana Horton.

This Conference was not more fortunate than its predecessors of 1867 and 1878 in its outcome. Views were compared, important documents were presented, and learned and interesting addresses were made, but nothing definite was accomplished. The German Government offered to retard its sales of silver, but refused to otherwise change its policy, or to take any part whatever in a bi-metallic union. The delegates of Great Britain declared that they were present as observers merely, and that they could take no part in a conference supporting the principle of the double standard. They therefore declined to vote on any of the propositions submitted. Speaking for the United States, Mr. Thurman expressed doubt as to whether his Government would, in any degree, surrender the control of its coinage unless a practically universal bi-metallic union should be formed.

Under such circumstances it was, of course, useless to undertake the formation of a double standard league, and, without positive action, the Conference adjourned without day.

It is a significant fact that not only has the Latin Union been unable to extend its boundaries, but that ever since its organization, currency reform in Europe has moved uniformly in the direction of the composite standard system. That system now prevails not only throughout Great Britain and Ireland, but in the African and Australian colonies, and in many of the minor possessions of the British Empire. For some time gold has been the measure of values in Portugal, and in several of the South American States. The Scandinavian kingdoms of Denmark, Norway and Sweden have all adopted gold as the principal legal tender. Holland has taken an important step in the same direction by withdrawing about \$10,000,000 of her silver, and even Japan has introduced a gold coinage. Austria, though counted as a silver State, has also taken important action looking to the introduction of gold. Even in the Latin Union States the double standard exists only in name. Moreover, the Union itself has reached the verge of dissolution. At its latest annual Conference, held last year, the principal subjects discussed were those of dissolving partnership, and dividing assets. Belgium and Switzerland both desired to adopt the composite gold standard, and were evidently indisposed to continue in the Union. Finally a compromise was effected by which the Union was extended five years from January 1, 1886, and after that is to be tacitly continued from year to year, subject to one year's no-

tice of termination. The Swiss Government, however, reserved the right to withdraw before the expiration of the Convention. Terms were also agreed upon according to which the States parties to the Union shall redeem their coins in case of a dissolution of their compact. The constraints which were brought to bear upon Belgium to induce her to assent to the gold redemption of the token silver which she had coined on behalf of the Union, are fit subjects of reflection for those who believe it would be for the advantage of the United States to enter into a similar league.

ALFRED E. LEE.

THE RELATIONS BETWEEN BANKS AND THEIR DEPOSITORS.*

PAYMENT THROUGH THE CLEARING HOUSE.

By far the greater portion of checks are deposited in other banks, and are finally settled at the clearing house. The mode of settling or clearing checks through this means may be thus briefly described: "At a fixed hour each day, representatives of the banks meet at a specified place called a clearing house, and exchange the checks or other papers which they hold against one another. The paper which the banks take to the clearing house is called the exchange, and the total amount of paper exchanged is called the clearings, or exchanges. Those banks which bring to the clearing house a less amount in checks or other paper than they take away—called debtor banks—pay at a later hour on the same day to the banks which bring more than they take away—called creditor banks—a balance, either directly or through the clearing house, in cash or its equivalent. The payment of the balances by the debtor banks, and the receipts of these balances by the creditor banks, complete each day's settlement. As the aggregate amount brought is always the same as the amount taken away, so the balances due from the debtor banks must be exactly equal to the amount due to the creditor banks.†

These institutions have made rules for the management of their business, and some legal questions have arisen concerning them.‡ The first question to be answered is what is the force of clearing house regulations. The following case has been decided in Louisiana.

* Copyright, 1886, by Homans Publishing Company.

† Practical Banking, 222.

‡ A clearing house due bill is not a mere certificate of deposit creating a contract of bailment, but is negotiable, like a check payable to bearer, and is unfettered by any special condition or stipulation. It is also "simple" in terms, "certain" in amount, "unconditional" in manner of payment, and subject to no "contingency." If a bill be given and stolen on the same day, and notice is given to the bank, and through it to the other banks, the issuing bank is entitled to require from the owner of the bill a bond of indemnity before paying the same. (Phila. Com. Pleas, *Dutton v. Merchants' Nat. Bank*, 16 Phila. 94.)

By the rules of the New Orleans bank clearing house, the hour for making exchanges is nine o'clock. All errors in exchanges and claims arising from the return of checks from any cause must be adjusted before eleven o'clock. Half an hour later the creditor banks receive the clearing house manager's checks on the debtor banks in settlement of the respective balances due them. Should any bank not be able to pay the balance against it, resulting from the exchanges of that day, it must inform the manager, and also the other banks, of such inability by ten o'clock of the same day, and must hold in trust until demanded all checks received by it from the banks at the morning exchange of that day. As soon as the manager is informed of the inability of any bank to pay its checks drawn, or to be drawn against it for the balance due, he must strike from the list of exchanges both debit and credit of the defaulting member, and readjust the balance as though that member had not appeared for exchange on that day. In this case the Mechanics and Traders' Bank was a defaulter, but it did not inform the manager nor the other banks of its inability to pay, as the rule required, hoping to meet its indebtedness. In consequence of not receiving this notice, the defendant bank placed the checks on the other which it had received the day before, to the credit of each depositor. Immediately after the default occurred, the cashier of the Mechanics' Bank and one of the commissioners who was put in charge of the institution, demanded of the defendant bank the checks of the Mechanics' in its possession that had been received the day before, amounting to \$4,967.57. The defendant bank offered to pay only the difference between this amount and the amount of checks held against it by the other, namely, \$1,266.71. A suit was then brought to recover the amount, but failed, the Court saying that "not only was the defendant authorized by this silence of the Mechanics' Bank to treat the checks it held against that bank as paid, but there was express and positive action to that effect. The Mechanics' at nine o'clock at the clearing house tendered and produced the checks it held on the defendant against the counter checks held by the defendant on it, thereby declaring in effect to the defendant that the checks it held were treated as paid by the like amount of checks upon it, and this regardless and independent of the rules of the clearing house. The defendant acted on that, as it had a right to. These mutual credits could not be recalled afterwards by either one of the parties to the detriment of the other."

With respect to the clearing house rule previously mentioned, this, the court remarked, was "for the guidance of the manager of the clearing house, and cannot effect, much less control, the legal consequences of a virtual payment made by one bank to another, or settlement each with the other in the ordinary business man-

ner. Besides, the Mechanics' Bank forfeited or waived its right to the benefit accruing from that rule by not complying with an essential requirement of it, viz.: giving notice by 10 A. M. to the other banks, and thus bringing to the knowledge of the defendant its disabled condition. Had that been done, the defendant would not have passed the several checks to the credit of its depositors. The defendant could not revoke those credits to the prejudice of its depositors. No more can the Mechanics' Bank, or those who claim to represent it, revoke its settlement to the prejudice of the defendant."*

Whatever be the force of the rules of the clearing house association, they do not affect depositors. Says Judge Devens: "To the regulations of this association, the customers of the banks are not parties, and, whatever effect is to be given to them as between the banks, their customers are not in a situation to claim the benefit of them, nor are they liable to be injuriously affected by them."† "Such an association," said Whelpley, C. J., in *Overman v. Hoboken City Bank*,‡ can have no power to make usages or rules to bind those who are not parties to its organization. Its rules and usages, if not in conflict with law, may, by the implication of tacit adoption in the contracts of members, bind them in the same way that a general usage in trade may bind those who deal with reference to it, and are therefore held implicitly to adopt it.§ But those who are not bound by such usages, and have not contracted with reference to them, have no right to avail themselves of them to create an obligation against those who are parties to their adoption, and bound by them *inter sese* only."

We may next inquire how far banks are affected by usage concerning clearing house business. In an important Baltimore case relating to a forged check, the drawee bank having made the deposit good for the amount, it sought to recover the same from the bank whence it came, on the ground that "a general and well-established usage of the banks in Baltimore, to the effect that where one bank sends to the clearing house a check on another bank, payable to order, and purporting to be indorsed by the payee, the bank sending it guarantees the indorsement of the check to be the genuine indorsement of such payee." The court did not say whether any such usage existed or not, but decided the case against the bank that brought the suit on another ground, its own negligence. For the same reason, no answer was given to the question of an alleged usage among the banks "not to receive deposits from strangers without identification."¶

* *Blaffer v. Bank*, 35 La. Ann. 251.

† *Merchants' Bank v. Bank*, 139 Mass. p. 518; *Manufacturers' Nat. Bank v. Thompson*, 129 Id. p. 439.

‡ 30 N. J. Law, p. 63.

§ *Robeson v. Burnett*, 2 Taunt. 388.

¶ *Commercial & Farmers' Nat. Bank v. First Nat. Bank*, 30 Md. 11, p. 24.

Occasionally banks pay checks by mistake, as we have seen, and if this happen when payment is made through the clearing house, how is their right of recovery affected by the rules that regulate the mode of transacting business by that institution? Several cases have been reported which will be described.

A demand was made by a bank on B for payment of demand notes which were then deemed to be amply secured by a pledge of goods as collateral security. Two days after this, B, who was a director in the bank, told the president that he had sold, or had agreed to sell, a portion of the goods, and the warehouse receipts were delivered to him, as agent of the bank, to enable him to transfer the goods sold, with the understanding that the money received should be applied on the debt for which they were held as collateral security. About a week afterward, B wrongfully deposited the money received from the sale to his own account in the bank, and three days later he drew a check thereon, which was paid by that bank to another bank through the clearing house, of which both banks were members. The president of the drawee bank, suspecting that B was financially embarrassed, discovered that he had made no payment on account of the goods intrusted to him for sale, and, looking at the condition of B's account, directed the return of the check to the other bank, although it was after one o'clock in the day of receiving it. By the rules of the clearing house, checks not good which were sent through it for payment must be returned to the sender as soon as this should be found out, "and in no case shall they be retained after one o'clock." Nevertheless, it was decided that the check was paid under such a mistake of fact that the paying bank could recover of the other if the latter had not changed its position between one o'clock and the time when the check was returned.

Although the clearing house regulation did not bar a recovery in that case, a more defensive nature has been given to it in federal practice. Thus C deposited collateral securities with P. K. & Co., who were bankers, and members of the Chicago clearing house, they agreeing that he might draw checks within ten per cent. of the value of the securities. On the fifth of August C drew his check for \$4,000, which was deposited with the defendant bank (a member also of the clearing house), to his credit, and which went into the exchanges for collection through the clearing house on the morning of the next day. By its rules each member was required to pay its balances to the clearing house by twelve o'clock, and any check which was found not to be good when sent from the clearing house to the drawee bank was to be returned to the bank which collected it through the clearing house by half-past one o'clock of the same day. When C's check came from the clearing house into P. K. & Co.'s bank, his account was examined, and the

collaterals were deemed sufficient to pay that check and others that had been drawn, and they were handed to the book-keeper to be charged to his account. At forty-two minutes past one, P. K. & Co., having heard that C had failed, they made a second examination of his account, and found that a mistake had been made; the check was immediately sent to the defendant bank, and payment was demanded at fifteen minutes before two o'clock, which was refused. They then began a suit against the bank to recover, which was founded on payment by mistake, but failed to recover.*

With respect to the amount that may be recovered where a check has been paid through the clearing house by a mistake of fact caused by the drawer's fraud, it is the difference between the amount of the check and the amount which the maker was entitled to draw; and if there be not enough money on deposit to pay the check in full, the ordinary custom to return the check does not affect the question of recovery.†

Sometimes notes have been paid through the clearing house, and the applicability of its regulations to them have received judicial construction. By the rules of the Boston bank clearing house a time before noon was fixed for making exchanges there; and another time between twelve and one for paying balances. The practice was to make exchanges and payments by the tickets accompanying the vouchers presented for exchange, and not from an examination of the vouchers themselves in detail. The rules also provided that errors in the exchanges should be adjusted between the banks, and that whenever checks which were not good should be sent through the clearing house, the banks receiving them should return them to the sender as soon as it should be found that they were not good, "and in no case shall they be retained after one o'clock." In the absence of evidence of a uniform custom among the banks which were members of the clearing house to treat notes the same as checks, it was decided that the sending of a note through the clearing house to a bank where it was payable was not a formal demand for immediate payment during business hours, but was equivalent to leaving the note there for collection from the maker on or before the close of banking hours; and that the payment of it at the clearing house was provisional only, which became complete when the note was paid in the usual

* A, the holder of a bank check drawn by B on C, presented it on the day of its date at the clearing house, and after adjusting the accounts between the various banks (his own among the number) received in settlement the clearing house manager's warrant on C. The next day A having presented the warrant to C, who refused payment, the original check was obtained from the clearing house, presented to C, dishonored, protested, and notice thereof given to B. He was holden for the amount, *Merchants' Nat. Bank, v. Procter*, 1 Cin. Sup. Ct. R. 1.

† *Merchants' Nat. Bank v. National Bank*, 139 Mass. 513.

and ordinary course of business, and if not so paid, the payment at the clearing house was to be treated as a payment made under mistake of fact, to the same extent and subject to the same right of reclamation, although the note was retained after one o'clock, as if it had been without the intervention of the clearing house. Even if the bank at which the note was payable had funds of the maker of the note on deposit, the retention of the note until after one o'clock did not amount to payment, in the absence of evidence that the maker had authorized the bank to pay his notes out of his money on deposit.

In another case against the indorser of a promissory note payable at the plaintiff bank and discounted by another banking institution, it appeared that when the note became due the bank which had discounted it charged it to the other and sent it through the clearing house for collection. The plaintiff's teller, supposing that the maker had sufficient funds, stamped the word "paid" on the face of the note, but the mistake was soon discovered, and before the close of banking hours on the same day the other bank and indorser were notified of its non-payment, and the note was duly protested. The dispute between the banks concerning the effect of the clearing house rules was ended by the one paying the amount to the other without waiving its legal rights, while the bank that was paid disclaimed all title or interest in the note. The judge who tried the case found that the note was stamped as paid by mistake, that the money paid by the plaintiff to the other bank was not intended to pay, and did not pay, the note, and that the plaintiff had sufficient title and ownership to bring the action. This decision was sustained by the higher court, that body also holding that the defendant could not avail himself of the rules of the clearing house, to which he was not a party, as a defense.

When is the clearing house itself liable for non-performance of its duties? The defendant bank had a department for the general clearing of contracts between its customers who were engaged in the purchase and sale of gold. This was known as the clearing house. Clearances were made each day by means of statements furnished by the dealers to the defendant of purchases and sales made by them, the defendant acting simply as a mutual agent for the parties. On an occasion when many members of the clearing house had failed to perform their contracts, and when there was great confusion in regard to them, O. & Co., the plaintiff's assignor, presented two statements, one in the morning, and one in the afternoon. In the first was an item of a transaction between O & Co. and a firm which had failed on the morning of that day. It was not usual to present more than one statement during the same day. When O. & Co. called on the defendant for the balance

that appeared to be due by the statements, they were advised by its president that, owing to the confusion in business, he could not tell how the statements stood, and that he would only pay approximate balances, reserving a margin to secure the clearing bank against failures. The defendant accordingly paid \$30,000 on the second statement, leaving \$10,000 unpaid thereon, and paid nothing on the first. In an action to recover the balances appearing by the statements, the court held that the plaintiff must first show a clearance or settlement by the defendant of the statements, and that a balance had been struck in favor of O. & Co.; that the statements were to be considered as only one statement, but that if considered separately there was no clearances of either which bound the defendant, and consequently that the plaintiff could not recover.*

A bank, instead of becoming a member of a clearing house, sometimes has its checks regularly cleared by another bank that is a member. In the following case the M. & M. Bank was a member of the New York bank clearing house, and also an agent there for the plaintiff. It received from the latter on different days several forged checks taken on deposit from the forger. The M. & M. Bank credited the checks to the plaintiff, and sent them to the clearing house, where it in turn was credited, and the defendant, the drawee, another member of the clearing house, was charged with them. The defendant, without noticing the private mark understood between them, charged the checks as received from the clearing house to the supposed drawers. On receiving the last check, several days after the receipt of the others, the defendant discovered the forgery, and on the same day tendered the checks and demanded payment of them from the M. & M. Bank, which referred the matter to the plaintiff. The plaintiff had meanwhile paid the forger's drafts to the amount of the checks deposited, and refused to pay. The M. & M. Bank then gave the defendant its own check for the last of the forged checks, and the defendant sent the remaining forged checks with the M. & M. Bank's check through the clearing house to the M. & M. Bank. The latter, complying with the clearing house rules, paid them all, and charged the amounts to the plaintiff's account, and sent it the four forged checks. The plaintiff retained the checks, and tendered them the next day to the defendant and demanded payment, but was refused. Twenty days afterward the plaintiff sent them by its agent, the M. & M. bank, through the clearing house to the defendant, which paid them, and immediately returned them through the clearing house to the M. & M. Bank, with notice that if they were sent back through the clearing house it would discontinue its exchanges with the M. & M. Bank. The latter bank returned and charged the

* *National City Bank v. New York Gold Ex. Bank*, 101 N. Y. 595.

checks to the plaintiff. The plaintiff, as assignee of the M. & M. Bank, sued for the amount of the checks. It was held, first, that the M. & M. Bank had waived its right, if any, to insist on the acts of the defendant as payment of a forged check by the drawee, and had affirmed the acts of the defendant in obtaining repayment second, that the waiver was not void for coercion, for, having received the checks, and passed them to the plaintiff's credit in its ordinary account, the M. & M. Bank had become actual owner of the checks, and was rightly treated as principal; third, that if not rightly so treated it could not, as agent of the plaintiff, refund to the defendant without actual authority; fourth, that the plaintiff having given authority to the M. & M. Bank to act for it under the clearing house rules, which required it to act as principal, the plaintiff was bound as to third parties by the acts of the M. & M. Bank.*

PUBLIC DEPOSITS.

When a public officer deposits money on an account which is kept in his own name with his official title as "Samuel Swartwout, Collector," this is a private deposit, unless there be evidence to the contrary.† In a well considered Missouri case,‡ founded on a dividend draft drawn by the United States Comptroller, and payable to the order of "Herman Rehtien, County School Treasurer," Lewis, P. J., said: "The fact that a man is county treasurer furnishes no presumption that money deposited by him in a bank is the property of the county. The bank in receiving the deposit becomes debtor to him as an individual. This relation between the parties is not changed by the addition of 'county treasurer' to his name in the bank account books or in the checks drawn by him. It has been frequently held that such additions impart no notice that the fund is held in a fiduciary capacity, and that they have no legal significance beyond a description of the person. Thus, 'Herman Rehtien, County Treasurer,' may be a form intended only to show that the person is not some other having the same name who is not county treasurer. Every legal presumption, as between the parties, is in favor of the personal ownership of the fund by the depositor; and, if nothing more appears, the bank must be guided in all its transactions by these presumptions."§ In this case the

* *Stuyvesant Bank v. National Mechanics' Bank Association*, 7 Lans. 197.

† *Swartwout v. Mechanics' Bank*, 5 Denio, 555.

‡ *Esterman v. Second Nat. Bank*, 13 Mo. App. 289.

§ "The principle is the same that was recognized in *Powell v. Morrison*, 35 Mo. 244, though with a different application. There a promissory note given in the purchase of lands sold in partition was made payable to 'the order of James Costello, Sheriff of St. Louis County.' The payee sold the note before maturity, and one of the partitioners sued the transferee for his share of the partition proceeds contained in the note. It was held that the words 'Sheriff of St. Louis County' imparted no notice to the indorsee of the trust attached, but were merely descriptive of the payee, and the plaintiff could not re-

court decided that while the *descriptio personæ* was insufficient of itself to impart notice to the bank that the dividend draft in controversy (which Rechtien, having transferred to the Second National Bank, it had collected and appropriated) represented a deposit of money belonging to the city and county, yet when considered in connection with the facts that Rechtien had had frequent consultations with the directors touching his financial relations to the city and county, particularly with reference to deposits made by him officially in another bank, a part of which was represented by the draft in question, a proper showing at least was made for the jury to determine whether the bank had taken the draft as Rechtien's or not. Moreover, the conclusion thus reached was sustained by the Supreme Court for the reasons contained in the opinion from which we have quoted.*

If an official deposit public money on his private account he is liable for the amount should the depository fail. Thus a justice of the peace who received money in satisfaction of a judgment deposited the same in the bank to his private account. The bank having failed, the justice was declared to be liable to the judgment creditor for the amount.†

When money is deposited by the clerk of a court under its order, which is entered like other general deposits and mingled with the funds of the bank, it is a general deposit, and if the institution fail, the clerk must share *pro rata* with other general depositors.‡

When money is deposited by a board of persons in their official relation, who are superseded in office by other persons, the deposit is subject to the order of the new board.§ By way of further illustration, when one city comptroller of New York succeeds another, the latter has the right to designate the banks in which the money should be deposited.¶

And when both boards claim the deposit the bank may bring a bill of interpleader to have the court determine who should be paid. Said Judge Van Vorst in applying this principle: "It is true

cover. A like conclusion was reached in *Thornton v. Rankin*, 19 Mo. 193, where, upon a sale of real estate belonging to certain minors, a note was made payable to their guardian, by the description 'Isaac. J. Cooper, guardian, etc.,' and by him transferred to an indorsee without other notice of the facts. So, in *Fletcher v. Schaumburg*, 41 Mo. 501, it was held that a distributee in partition could not set up her distributive interest against her note given at the sale and indorsed by the sheriff, with his official addition, to an innocent purchaser. It must be observed that in each of these cases the decision was founded squarely on the propositions that the *descriptio personæ* imparted no notice of the existing trust, and that the indorsees had in fact no notice thereof from any other source. They were entitled, therefore, to be treated as if no such trust existed." Lewis, P. J., *supra*.

* 84 Mo. 408.

† *Shaw v. Bauman*, 34 Ohio St. 25; *Ringo v. Field*, 1 Eng. (Ark.) 43.

‡ *Otis v. Gross*, 96 Ill. 612.

§ *Carman v. Franklin Bank*, 61 Md. 467.

¶ *Lewis v. Park Bank*, 42 N. Y. 463; *Aff. 2 Daly*, 85.

that a bank or other agent would not be justified in commencing an action of interpleader upon any and every claim made by others to moneys deposited with it by a dealer. . . . It may be conceded that actions of this character are not to be encouraged, and should be dismissed if there exist any means of adjusting the claims with safety to the holder of the funds.* To sustain such action it must appear that the plaintiff has good reason to believe that the adverse claim is well founded, and that unless the court protects him he will be exposed to loss.†

A bank should not pay money belonging to a county and kept in the name of the county treasurer in his official capacity to his assignee in the event of his becoming bankrupt.‡

Sometimes the law will regard depositories as having knowledge of the wrongful acts of public officials in drawing public money for private purposes, when in truth they have not such knowledge. Thus, the treasurer of a town made several notes in his official capacity without authority to do so, which were discounted by a bank, and the avails were placed to his credit as treasurer. Public funds were deposited by him from time to time in the same account, and the notes above mentioned, after several renewals, were paid by his checks drawn as treasurer. He afterward became a defaulter. The money thus drawn by him would have made good his defalcation. The bank supposed that he had authority to make the notes discounted, and that the proceeds were used for the benefit of the town, but in truth a large amount of the money drawn out on his checks as treasurer was used for private purposes. His integrity at that time was unquestioned. Yet the court held that the bank must be considered as having knowledge that he had no authority to make the notes mentioned, that they must therefore be treated as his private notes and the loans as personal, and further, that when he drew out the town money to pay the notes, he did what the bank must have known he had no right to do, and that it could not consequently retain the money against the town's demand.§ In another case the trustee of a town sold its bonds and deposited the money in a bank to the credit of himself, "J. C. Wilson, Trustee." The money was applied on a debt of Wilson due to the bank. The court held that it had no right to apply the money in this manner.||

Twenty-five persons raised money for the purpose of expending it in furnishing a hall in a certain building. They chose a committee

* *Bedell v. Hoffman*, 2 Paige, 199.

† *German Exchange Bank v. Commissioners*, 6 Abb. N. C. 394, p. 397; see *Marvin v. Ellwood*, 11 Paige, 365; *Balchen v. Crawford*, 1 Sand. Ch. 380; *Bell v. Hunt*, 3 Barb. Ch. 391; *Bleeker v. Graham*, 2 Edw. Ch. 647; *Badeau v. Tylee*, 1 Sand. Ch. 270.

‡ *Board of Supervisors v. Bank of Havana*, 5 Hun. 649.

§ *Town of East Hartford v. American Nat. Bank*, 49 Conn. 539.

|| *Bundy v. Town of Monticello*, 84 Ind. 119. See § 40 c.

and also a treasurer, and through him in his official capacity deposited the money in a bank. The committee having furnished a hall in another building, the treasurer refused to pay the deposit when demanded by that body. A majority of the twenty-five approved the action of the committee, appointed another treasurer to whom the bank paid the money. The treasurer first appointed then sued to recover the money, on the ground that it had been diverted from its rightful purpose. But the court said that "the disposition of the fund was given to the executive committee, and the appropriation of the fund by that committee, acting with unanimity, as fairly appears, was sufficient authority to warrant payment by the bank, and the payment was a discharge."*

In South Carolina an interesting case has been decided on this subject. A commissioner in 1863 and 1864 deposited his official moneys in a branch bank of the State, where they remained until the failure of the bank at the close of the war. He was declared to be not liable for any of the money thus lost. On retiring from office in 1866, he reported an aggregate balance due from estates larger than the amount to his credit on his bank-book, nor did he account for the excess. After his death, and in 1874, an action was brought against his administrator, and all his creditors were required to establish their claims, the amount of which proved to be less than the amount to his credit in the bank. The court assumed that unrepresented claims were satisfied, and that there was no unpaid balance against the commissioner, except what was covered by the deposit in the bank. Finally, the court decided that when he turned over his office, bank-book, etc., to his successor, claiming to withhold nothing, the Statute of Limitations then began to run in his favor against persons having funds in his hands, as the provision of the law which imposed on him the duty of making a complete transfer, was equivalent to a demand. On this point the court remarked that "the law is too well settled to make any reference to authority necessary, that when a trustee does an act which purports to be a termination of his trust, it gives currency to the statute from the time of such an act. This act may be simply an act done in a public office, in which, by law, he must render an account of his trust. When the act purports to be a complete termination of the trust he henceforth holds adversely, and, at the end of the statutory period, all further account is barred. Trustees are not the only persons who are entitled to the benefit of the statute, and therefore it is not important to determine whether the commissioner in equity was or was not a trustee. He was, however, a public officer, to whom was entrusted, by law, the collection and custody of the money of others, and the care and custody of their bonds and other property."†

* *Tay v. Concord Savings Bank*, 60 N. H. 277.

† *State ex rel Van Wyck v. Norris*, 15 S. Car. 241 p. 257.

EARLY ENGLISH BANKING.

[CONCLUDED FROM THE APRIL NUMBER.]

6. Such was the state of public opinion on this subject at the end of the fourteenth century; we may pass rapidly over the fifteenth century, as there is little evidence of any kind, and no evidence of a change of opinion. The current tone of feeling is reflected in the ballads, which were the political pamphlets of the day; and they contain one or two allusions, as in the *Libel of English Policy*, which inveighs bitterly against the usury of the Lombards and other foreigners.

At the very end of the century we have reliable evidence in two Statutes (3 H. VII., c. 5, and 11 H. VII., c. 8) on the subject, the latter of which is very definite in its terms: "All manner of person or persons lending money to and for a time, taking for the same loan anything more besides or above the money lent by way of contract of covenant at the time of the said loan, saving lawful penalties for non-payment of the same money lent; and that all manner of person or persons which hereafter sell any goods, chattels, or merchandises, to any person or persons, being in necessity, and the seller himself, or by his broker or factor, in that behalf, again buy the same goods, chattels, or merchandises, of the same person to whom they were sold, being in necessity of his broker or factor in that behalf, within three months after, they be sold for a less sum of money than they were sold for, knowing the same goods so bought again afore by the same buyer or buyers, to be sold after the form aforesaid: And that every person or persons lending or taking any money to any person or persons to a certain time, and taketh lands, tenements, or any hereditaments or other bonds for surety, perfect and sure repayment of his or their money lent at the time assigned, without any condition or aventure, and also at the time of the same loan or taking of the said money, covenant, appoint or contract that he or they that so lend or take money shall have the revenues or profit of the lands, tenements or hereditaments of him that so borroweth or taketh money by a certain time," shall forfeit the value of the money so lent, one-half to go to the king and one to whoever sues him. Taken as a whole, the evidence of the fifteenth century shows no change in the feeling about money-lending, but there is hardly enough of it to make us to judge clearly how far the practice was increasing, or how far the laws were fairly successful in keeping it in check.

7. When, however, we come to the sixteenth century there can be no doubt as to the failure of the laws which aimed at repressing it. This is admitted in the Act of 1545 (37 H. VIII., c. 9), which is a new departure, since it no longer forbids all gain for money lent on security, but limits the rate of gain, and insists that none shall lend for more than 10 per cent. Edward VI. endeavored in 1552 to revert to the old policy; the Act of 1545 was repealed, and it was enacted that "no person or persons of what estate, degree, quality, or condition soever, he or they be, by any corrupt, colorable, or deceitful conveyance, slight or engine, or by any way or means shall lend, give, set out, deliver, or forbear any sum or sums of money to any person or persons or to any corporation or body politic to or for any manner of usury, increase, lucre, gain, or interest to be had, received, or hoped for over and above the sum or sums so lent, given, set out, delivered, or forborne, upon pain of forfeiture as

well of the sum so lent as of the usury." (5 & 6, Ed. VI., c. 20.) This was the last effort at complete repression.

In 1571, Elizabeth re-enacted the statute of Henry VIII. with modifications, and from that time onwards the efforts of the legislature were directed, not to stamping out usurious bargains altogether, but to limiting the rate charged for the use of money, to moderate usury or "interest." We thus find that though opinion on the subject had been veering earlier, the final revolution took place in the interval between 1552 and 1571. And this revolution, in opinion, was the direct consequence of the immense changes in the conditions of business which had begun to show themselves at that time.

8. The end of the fifteenth century and the sixteenth century saw a rapid development of English industry and commerce; they developed with such rapidity as to cause a good deal of social disorganization and a vast amount of temporary distress, and the true reasons of these miseries were not apparent to contemporaries, who complained bitterly of the decay which was overtaking both industry and agriculture. But there is ample proof to us who look back on the long-continued transition, that prices were steadily rising and commerce was exceedingly profitable. The reasons of the first impetus are not perfectly clear, but it is obvious to the most careless observers that the progress which had already begun was greatly accelerated in the reign of Elizabeth by the influx of silver from the New World. Even before this time money was being rapidly made, and there were more moneyed men to engage in business; but the spoils of America served not only to raise prices and render trade more profitable, but also afforded many people the means of accumulating large hoards. As a consequence, the last and most important of the conditions mentioned previously was wholly changed; the supply of hoarded money which might be obtained for use as capital was so large that the possessors were no longer monopolists, but were willing to lend at far lower rates than formerly.

Social conditions, too, had changed; many of the guilds were impoverished, even before they were plundered by Edward VI.; and there was not such facility in the sixteenth century as there had been formerly for obtaining charitable and gratuitous loans.

And since there was a large amount of money available, merchants found it more convenient to borrow for a given period than to find a partner for a particular undertaking; it was a method of doing business which left more scope for individual enterprise, and which enabled the merchant to expand his business more promptly. And hence it came to pass that, simultaneously with the large supply of available money, there was a much larger field for the lending of money than before. Formerly men had borrowed in emergencies, now they were ready to borrow for the ordinary purposes of business, since the rate of usury was no longer so high as to destroy all chance of a profit.

Under these changed conditions, banking began to take a new shape; there were men who were notoriously possessed of large hoards and application was made to them direct. They generally had some other business, as that of a goldsmith; but in many cases this was a mere blind, which it was convenient to put forward, since money-lending was still under the ban of the law, and branded by a social stigma. The case of George Stoddard, whose career has been described by Mr. Hubert Hall, in his most interesting *Society in the Elizabethan Age*, throws a flood of light on the methods of the Tudor banker.

9. It was under these changed conditions that the conflict of opinion was carried on in the sixteenth century. To us the arguments of those who advocated free scope for the transfer of capital on loan will readily

suggest themselves, but it may be worth while to state briefly the principal points in the argument on the other side.

As in 1363, it was averred that usury was disastrous for him "who appeared to be accommodated;" young merchants traded on credit to their own destruction; and not only so, but they spoiled the markets for the established houses; and thus, as in 1363, hindered "right and lawful traffic." The complaint that men found money-lending more profitable than legitimate trading is frequently repeated. "What shall I do with my money?" says an apprentice in a dialogue of 1569, "adventure it all in merchandise beyond the sea? So may I have a clap either by shipwreck, or by pirates, or by evil factors, that all will come to nought. Perhaps you would have me adventure it at home; I will do so a little, but because wares rise and fall, and no man is certainly assured of gain, I will use one trade that shall without all doubt bring me certain gain, although I sleep upon the one side, and that is with putting forth my money for interest and taking good assurance. There is no such gain in trading, nor yet so certain, and were it not better to have a great gain and a certain without trade and without toil, rather than to stand to an uncertain gain, which, as it will never be so great as the very letting out of money will make it, so is it got with much hazard of life, and great disquietude of mind and body?"

But while public opinion denounced the evils of usury there were two opinions (reflected in the statutes of Edward and Elizabeth respectively) as to the best means of dealing with them; one set of men would have wished to prohibit it altogether, while others advocated the new course of permitting the taking of usury which did not exceed the ordinary rate of mercantile profit. This view, which was the one which finally carried the day, objected to extortion (or "biting usury") but not to the lender getting a fixed rate when the borrower got a still greater gain. They tried to fix a rate which should give scope for mercantile profit, and they were ready to condemn those who took a higher rate. Of course the difficulty in connection with this principle lies in the cases where a man fails to gain by his transactions, as in the instance portrayed in the *Looking Glass*; but with the general prosperity of trade during the sixteenth century and steady rise in prices, it was legitimate to assume that men were probably making considerable profits, or were careless if they did not, and the conscience of the man who took his ten per cent. was easily quieted on the point, even if the borrowing trader complained that his venture had failed. The point is well put in a sentence or two which were originally put into the mouth of an opponent by a rigorist who objected to all usury, and were subsequently adopted by a merchant who took the view of only condemning *extortive usury*: "Neither ought I to deal with all men in one sort, for as there be three sorts of dealings among men, that is, gift, bargaining, and lending, so are there three sorts of men—the stark beggar, the poor householder, and the rich merchant or gentleman. To the first I ought to give freely, not only to lend freely; to the second I ought to lend either freely or mercifully; with the third I may deal straitly, and ask mine own with gain, as, I take it, without offense to God or man; for when I deal with him that maketh gain of my money with his trade and occupying, and is well able to pay me again, being enriched by my means chiefly, why should not I have part of his, when by my goods he is grown rich?"

10. There was no real change of opinion during the seventeenth century; there was the same persistent objection to biting usury, and the same constant endeavor to provide loans at lower and lower rates, so as to allow London merchants the opportunity of borrowing on as advan-

tageous terms as Dutchmen were able to do. We thus have a steady decrease in the limit: James I. prohibited taking more than 8 per cent. (21, Jas. I., c. 17), and by the close of the century the legal rate was reduced to 6 per cent. It would be a most interesting investigation, for which some of the old goldsmiths' books, if they survive in any of the houses which have descended from them, might furnish data, to try and trace the course of this steady fall. Did the law merely enforce a rate which had come to be current in the market? Did it ever succeed in doing what it was so often asked to do, and force the rate down by legislation? On the face of it this does not seem probable, but I should not like to commit myself to the opinion that it is impossible, or that by refusing to grant recovery of debts contracted on certain terms the State might not force men to be content with a lower rate than they would otherwise take. But facts bearing on the subject would be well worthy of close study.

There were, however, considerable changes during this century in the actual methods of banking. We hear from Flanders of houses of commerce, which seem to have been worked on the principle of pawnshops; and there was also a great development of banks of deposit. Private citizens had been wont to deposit their hoards in the mint; but Charles I. had broken faith with the public in 1640 by compulsorily borrowing those moneys, and they were all the more willing to leave their hoards with the goldsmiths, who allowed interest for it. They appear to have borrowed at 6 per cent. and lent to the Crown at 8 per cent., a very comfortable kind of business, which suffered a sudden collapse at the hands of Charles II. by the stop of the Exchequer in 1672. This system of deposit-banking had hardly recovered this shock when Paterson appeared on the scene, and the foundation of the Bank of England marked an entirely new era. On that I shall not touch, since it is not relevant to the theme of early banking and the lending of metallic currency, and it is unnecessary to confuse matters by dwelling on bankers' credit, or fiduciary circulation, or public debts.

II. I would now venture very briefly to re-state the main points regarding the changes in city opinion on this subject during four centuries.

It is usually said, that the rates at which money can be borrowed depend on supply and demand; and this is true. But it is perfectly obvious that there always have been and are an immense number of people in the world who are anxious to have the command of more money than they possess; some of them desperately anxious, and some of them only a little anxious; the demand, with its different degrees of intensity, may be constantly counted on, and we can follow the changes of the rate sufficiently if we fix our attention on the supply and on the conduct of the men who have money to lend. In old days, when there was very little accumulated wealth, the man or men who had hoards had a virtual monopoly, and asked 80 per cent.; that is a rate at which the wealthy man may borrow if he is in great straits, but it practically excludes the business man. As wealth increased, and there were more and more men with hoards of money to lend, their competition with one another forced them to lower the rate; at 10 per cent. merchants might borrow, but it was a reckless way of doing business to try and work entirely on capital borrowed at this rate; there was so little margin of profit. As wealth still further accumulated, the competition of moneyed men has rendered it possible for the merchant to get accommodation at less and less onerous rates. But the moneyed man did not find it necessary to study the question whether the borrower could work at a profit, as long as he lent on sufficient security; what the money was

wanted for was no business of his, and the rate of usury or interest was settled for centuries quite independently of the rate of profit. In more recent times, as in our own day, the supply of loanable capital has been so large, and the competition of lenders is so keen, that the rate of interest is practically determined by the demand for money for commercial purposes, and this in turn depends on the probabilities of profit; hence in modern times the rate of interest is, under normal circumstances, ruled by the ordinary rate of commercial profit.

Looking back on the past of this country we may say that in the fourteenth century the accumulations of money were so small that loans were only negotiated at rates that rendered it a desperate course for the merchant to borrow; hence the mediæval attempt to put down usury altogether. In the sixteenth century the rate of usury had fallen slightly below the ordinary rate of commercial profit; there was a probable margin, but a small one, for those who borrowed for business purposes, and hence the legislative attempts in Tudor and subsequent times to prevent the abuse which might arise from charging a rate of interest that absorbed the whole of the commercial profits. If we tried to state the principles which underlay their action in modern language and perfectly general terms we should say that (1) it is an abuse *for lenders to receive a rate of interest that is higher than the ordinary rate of business profit*, and (2) it is an evil if *capital is DIVERTED from industrial and commercial enterprise to be loaned at remunerative rates on full security*.

12. In thus looking back over the large tract we have traversed, I am painfully conscious how inadequately I have played the part of guide. I have tried to direct your attention strictly to one point—the lending of money on security and for gain, and the changes in city opinion as to the question whether such dealings should be (a) prohibited (Edward III.—Edward VI); (b) regulated (Elizabeth and onwards); or (c) left to take care of itself, as in the present century. I fear I have brought little before this meeting that can be profitably discussed, for the facts of the distant past, and the interpretation of these facts, can only be elucidated by farther investigation, and not as theories and opinions may be, by conversation and discussion. But if I may beg one favor of those whose patience I have already taxed unduly, it would be that the underlying principles of mediæval and Tudor legislation on this subject might be examined in the light of present affairs.

It is, of course, obvious that business conditions have entirely changed, and I am not here to suggest the impracticable absurdity of reverting to mediæval methods of commerce or anything else. But I wish to suggest an inquiry whether the principles which were enforced so vigorously in the Middle Ages, may not have a place as canons of criticism by which to judge of the soundness of our present commerce and finance? Let me add a few words to explain my meaning. There has, of course, been an enormous increase of accumulation in the present century, so great that the rates with which lenders have to be content have reached a very low figure indeed. But if this accumulated wealth is used as capital for the production of more wealth, it must be either as the “circulating” capital which is chiefly engaged in commerce and is turned over year after year, or as the “fixed” capital which is permanently applied to some special industry; the two are chiefly replenished by the public through transactions in the money market, and investments made in stocks and shares respectively.

(a.) The rate of interest is undoubtedly low at present; it is also true that, from reasons we need not discuss, the rate of profit is exceedingly low; it is rumored that many businesses are being carried on at a loss;

is it or is it not conceivable that in particular cases men may have borrowed capital which is absolutely unremunerative, and on which they are paying interest? If there were a long-continued period of falling prices, as there was a long-continued period of rising prices in the sixteenth and seventeenth centuries, might there not be a tendency for the rate of interest to trench more closely on the constantly falling profits, and thus increase the stagnation that would necessarily result? If such circumstances arose, the Tudor principle would surely be applicable once again, as a canon of criticism, if nothing more. "That it is an abuse when the rate of interest rules higher than the rate of profit" would surely be an appropriate formula in which to point out the unhealthiness of such a condition, even though there were no other remedy than to let things adjust themselves.

(b.) When now we turn to the market for investments, can the second principle be regarded as a sound canon of criticism? The two old forms of engaging in business still exist—partnership in risks and gains, or lending money for a definite sum. The shareholders of a railway are partners in risks and gains, the debenture holders have bargained themselves out of risks and secure a regular gain. During the last half century borrowing has increased enormously; not only in connection with railway and other companies, but on the part of governments and municipalities. Securities in which the lender receives a gain while bargaining himself out of risks often appear to offer a better return for capital than the purchase of shares in enterprises where the capitalist joins in risks as well as profits. Now if this be true, if the returns from debentures, or municipal and other debts, are better than those from shares in new enterprise, and capital is subscribed more readily by the public for loans than for shares, it seems as if the second canon of criticism might have some application, so that by looking at it in the light of the present day we may be able to see better how far it is sound. Is it an evil that capital should be attracted to municipal loans, etc., and should shun the risks of embarking in new undertakings? Is it not possible that schemes which would have been of the greatest benefit to the world are not floated because the public prefer to bargain for a certainty? or that other schemes are carried out wastefully under the lax management of public authorities?

I have ventured on these few remarks in the hope of reaching a point of view from which one can really judge fairly and intelligently of the conduct of the city authorities in mediæval times. I need not say that I make no pretense to practical acquaintance with commercial or monetary affairs in the present day, and I have not been guilty of the impertinence of coming here to speak of them; but I should feel that I had been not unsuccessful in exonerating our forefathers from the charge of folly in their ordinances on usury, if I found that the principles which underlay their action commended themselves to your judgment, not indeed as a basis for legislative interference, but as sound canons of criticism even now.—*Paper read before the London Institute of Bankers by W. CUNNINGHAM. Lecturer, Trinity College, Cambridge.*

INSTITUTE OF BANKERS IN SCOTLAND.

On the 17th of March, William Smart, Esq., M.A., delivered the closing lecture of a course of six before the twelfth session of the Institute of Bankers in Scotland. These six lectures were as follows:

The History of Money. Gold and Silver: their seven characteristics as a good money. English Currency. Gratuitous and Free Coinage.

The Four Functions: the Medium of Exchange; the Common Denominator of Value; the Standard for Deferred Payments; the Store of Value. How Gold fulfills these Functions.

The Root Ideas of a Bank. The relations of Deposit Receipts, Checks, Notes.

Banking Economics of Gold; their nature and limits. The Essential Nature of Money.

The Gold Basis. Is there a Scarcity of Gold? The two explanations of Low Prices. An Appreciation of Gold; its consequences to the community. What is the Ideal of a Standard?

Bimetallism; the arguments for and against an International Double Standard.

After each lecture Mr. Smart remained one hour for the purpose of answering questions, and to discuss practical problems connected with the different subjects.

Henry Goudy, Esq., also delivered two lectures on the "Codification and Unification of Mercantile Law," and two lectures on the "Law of Bankruptcy;" the two latter being delivered in Glasgow.

This institute is established upon a very firm and thorough basis. The Chambers in Edinburgh and Glasgow are open to members, associates, and subscribers, every business day from 4 to 10 o'clock P.M. On Saturdays the reading rooms open at 1 o'clock P.M. In addition to the permanent libraries, arrangements are made for a continuous supply of new and recent works for temporary circulation. The distinction between the general and country libraries having been abolished, subscribers in the country can now have access to the general library, subject to payment of carriage of books. All gentlemen connected with the banks in Scotland are eligible as subscribers.

Sessional meetings are held, at which papers on Banking and general economic subjects are read and discussed.

The agents of the different banks are requested to bring the institute to the attention of the gentlemen in their banks and ask their co-operation.

It seems to us that this is an idea well worthy of imitation in this country, and one which would not only elevate the business, but be of immense practical advantage to those who would engage in it. We certainly have the material in our ranks, and why not make the effort and test its efficacy?

EXPENSES OF MANAGEMENT OF SCOTCH BANKS.

Our February issue showed the percentage upon gross profits of the expenses of management of the six Scotch banks whose reports afforded materials for such an exposition. Pursuing our inquiry, we submit the following table, which views the expenses of management from a different standpoint. Our February table showed simply how much of the gross profits had been consumed in expenses, and we found that, subject to a little explanation, those banks which had few branches took less out of gross profits for management than those banks which had many branches. What we now show is the relation of the expenses of management to the business transacted. And we shall find that in respect of one very important part of a bank's business, viz., the lending of money, there exists a striking similarity to the results obtained from an inspection of the gross profits in connection with expenses of management. The heading "Discounts, etc.," means all those loans made to the general public—to the customers of the respective banks, in fact—and thus represents the actual amount of lending business transacted, which requires constant attention and watching on the part of officials from managers downwards:

	<i>Discounts, etc.</i>	<i>Expenses of Management.</i>	<i>Percentage.</i>	<i>Percentage on Gross Profits as shown in Feb'y.</i>
Bank of Scotland...	£9,678,839	£159,023	1.653	46½
Royal Bank.....	8,865,826	145,695	1.643	44
Commercial Bank...	7,606,661	124,822	1.622	46
National Bank.....	8,568,574	120,021	1.401	43
Union Bank.....	7,285,019	120,768	1.657	48
Clydesdale Bank....	6,624,700	103,165	1.557	44

The order in which the banks stand in respect of expenses in relation to gross profits is almost exactly the same as the order they stand in respect of expenses in relation to "Discounts, etc." The one exception is the Royal Bank, which, along with the Clydesdale, stood second in our February table, and in our present number stands fourth. The following sets this forth more clearly:

	<i>Order of Banks in relation to</i>	
	<i>Percentage on Gross Profits.</i>	<i>Percentage on "Discounts, etc."</i>
National Bank.....	43	1.401
Clydesdale Bank.....	44	1.557
Royal Bank.....	44	1.643
Commercial Bank.....	46	1.622
Bank of Scotland.....	46½	1.653
Union Bank.....	48	1.657

We found in February that the six banks in the list divided themselves into two groups in respect of expenditure in relation to gross profits. These groups were:

	Bank of Scotland,	} with a high percentage;
	Commercial Bank,	
	Union Bank,	
And	Royal Bank,	} with a low percentage;
	National Bank,	
	Clydesdale Bank,	

the first group representing 364 offices in all, and each of the three

banks contributing a fair third of the total; and the second group representing 329 offices, but differing from the first group in one important respect. Of the 329 offices, the Royal Bank contributed 126, being 17 more than one-third, while the National and Clydesdale contributed 97 and 106, being respectively 12 and 3 less than one-third. The Royal Bank, in fact, appears as one of the economically managed establishments when the consumption of profits upon management is looked at, and as one of the more expensive establishments when regard is had to the relation of expenditure to the lending of money. As to the other banks, the "order" they stand in with respect to percentage upon gross profits is the same "order" as they stand in with respect to percentage on "Discounts, etc."

But there is another very important part of a bank's business which demands such expenditure, viz., the collection of deposits. Treating this in the same way as we treated "Discounts, etc.," we submit the following table:

	<i>Deposits.</i>	<i>Expenses of Management.</i>	<i>Percentage.</i>	<i>Percentage on Gross Profits as shown in Feb'y.</i>
Bank of Scotland....	£14,441,001	£159,023	1.101	46½
Royal Bank.....	11,935,232	145,695	1.221	44
Commercial Bank....	10,357,880	124,822	1.205	46
National Bank.....	13,582,388	120,021	0.883	43
Union Bank.....	10,057,027	120,768	1.200	48
Clydesdale Bank.....	8,389,474	103,165	1.229	44

With the exception of the National Bank, which occupies the prominent position of standing first in economy of management in all three respects, viz., (1) proportion of management expenditure to gross profits, (2) percentage upon "Discounts, etc.," and (3) percentage upon deposits, none of the other banks stand so as to admit of them being grouped, as we grouped them when comparing gross profits with expenses of management, nor is there any general similarity between the order they stand in with respect to percentage of expenses upon "Discounts, etc.," and percentage of expenses upon deposits. The following table summarizes the results of our examination so far, and may be of use as a reference in what we may still have to say. The figures (1) (2), etc., show the order in which the banks stand in respect of economy:

	<i>Expenses of Management.</i>	<i>Gross Profits.</i>	<i>Percentage upon Discount, etc.</i>	<i>Deposits.</i>
Bank of Scotland....	£159,023	46½ (4)	1.653 (5)	1.101 (2)
Royal Bank.....	145,695	44 (2)	1.643 (4)	1.221 (5)
Commercial Bank....	124,822	46 (3)	1.622 (3)	1.205 (4)
National Bank.....	120,021	43 (1)	1.401 (1)	0.883 (1)
Union Bank.....	120,768	48 (5)	1.657 (6)	1.200 (3)
Clydesdale Bank....	103,165	44 (2)	1.557 (2)	1.229 (6)

These figures show that the expenses per cent. on the loan business range from about 28s. to about 33s., and on the deposit business from about 17s. 8d. to about 24s. 6d. It will form matter for future inquiry whether the gradation from the lower to the higher percentages admits of explanation.—*British Economist*.

BANK TAXATION.

SUPREME COURT OF THE UNITED STATES.

The Mercantile National Bank v. The Mayor, Aldermen and Commonalty of the City of New York.

The existing system of taxation in New York for local purposes does not discriminate between National bank shares and the other moneyed capital of individual tax-payers, and therefore is not forbidden by the act of Congress which authorizes the taxation of National banking associations.

The discrimination consists, it was maintained, in exempting from assessment by the State laws, so much of the moneyed capital of individual tax-payers that what remains, including the capital represented by the National bank shares, is subjected to a higher rate of taxation than is assessed on the moneyed capital generally of the tax-payers. An examination of the several exemptions—shares of stock in State corporations, investments in life insurance companies, State stocks, municipal bonds and savings bank deposits—does not show such an unfriendly discrimination against the banks as is forbidden by National law.

MR. JUSTICE MATTHEWS delivered the opinion of the Court.

The proposition which the appellant seeks to establish is, that the State of New York, in seeking to tax National bank shares, has not complied with the condition contained in section 5,219 of the Revised Statutes, that such taxation shall not be at a greater rate than is assessed upon other moneyed capital in the hands of individual citizens of such State, "in that, it has by legislation expressly exempted from all taxes in the hands of the individual citizens numerous species of moneyed capital, aggregating in actual value the sum of \$1,686,000,000, whilst it has by its law subjected National bank shares in the hands of individual holders thereof (aggregating a par value of \$83,000,000), and State bank shares (having a like value of \$22,815,700), to taxation upon their full actual value, less only a proportionate amount of the real estate owned by the bank." This exemption, it is claimed, is of a "very material part relatively" of the whole, and renders the taxation of National bank shares void.

The exemptions thus referred to are classified as follows:

1st. The shares of stock in the hands of the individual shareholders of all incorporated "moneyed or stock corporations deriving an income or profit from their capital or otherwise, incorporated by the laws of New York, not including trust companies and life insurance companies, and State or National banks." The value of such shares, it is admitted, amounts to \$755,018,892.

2d. Trust companies and life insurance companies. The actual value of the shares of stock in trust companies amounts to \$32,018,900, and the actual value of the shares in life insurance companies amounts to \$3,540,000, which life insurance companies, it is admitted, are the owners of personal property consisting of mortgages, loans, stocks, and bonds to the value of \$195,257,305.

3d. Savings banks and the deposits therein. The deposits amount to \$437,107,501, and an accumulated surplus to \$68 669,001.

4th. Certain municipal bonds issued by the city of New York under an act passed in 1880, of the value of \$13,467,000.

5th. Shares of stock in corporations created by States other than New York, in the hands of individual holders, residents of said State, amounting to \$250,000,000.

It is argued by the appellant that these exemptions bring the case within the decision of *Boyer v. Boyer*, 113 U. S., 689. In that case, referring to the legislation of Pennsylvania, it was said: "The burden of county taxation imposed by the latter act has at all events been removed from all bonds or certificates of loan issued by any railroad company incorporated by the State; from shares of stock in the hands of stockholders of any institution or company of the State which in its corporate capacity is liable to pay tax into the State Treasury under the act of 1859; from mortgages, judgments, and recognizances of every kind; from moneys due or owing upon articles of agreement for the sale of real estate; from all loans, however made, by corporations which are taxable for State purposes when such corporations pay into the State Treasury the required tax on such indebtedness."

This enumeration of exempted property, the amounts of which when stated in the bill and admitted by the demurrer, was held to include such a material portion relatively of the moneyed capital in the hands of individual citizens as to make the tax upon the shares of National banks an unfair discrimination against that class of property, but no attempt was made in the opinion of the Court to define the meaning of the words "moneyed capital in the hands of individual citizens" as used in the statute, or to enumerate all the various kinds of property or investments that came within its description, or to show that shares of stock in the hands of stockholders of every institution, company or corporation of a State, having a capital employed for the purpose of earning dividends or profits for its stockholders, were taxable as moneyed capital in the hands of individual citizens.

It is accordingly contended on behalf of the appellees in the present case, 1st, that the shares of stock in the various companies incorporated by the laws of New York as moneyed or stock corporations, deriving an income or profit from their capital or otherwise, including trust companies, life insurance companies, and savings banks, are not moneyed capital in the hands of the individual citizen within the meaning of the act of Congress; 2d, that if any of them are, then the corporations themselves are taxed under the laws of New York in such a manner and to such an extent that the shares of stock therein are subject to a tax equal to that which is assessed upon shares of National banks; and 3d, that if there are any exceptions, they are immaterial in amount and based upon considerations which exclude them from the operation of the rule of relative taxation intended by the act of Congress.

The key to the proper interpretation of the act of Congress is its policy and purpose. The object of the law was to establish a system of National banking institutions, in order to provide a uniform and secure currency for the people, and to facilitate the operations of the Treasury of the United States. The capital of each of the banks in this system was to be furnished entirely by private individuals; but, for the protection of the government and the people, it was required that this capital, so far as it was the security for its circulating notes, should be invested in the bonds of the United States. These bonds were not subjects of taxation; and neither the banks themselves, nor their capital, however invested, nor the shares of stock therein held by individuals, could be taxed by the State in which they were located without the consent of Congress, being exempted from the powers of the States in this respect, because these banks were means and agencies established by Congress in execution of the powers of the government of the United States. It was deemed consistent, however, with these national uses, and otherwise expedient, to grant to the States the authority to tax them within the limits of a rule prescribed by the law. In fixing those limits it became

necessary to prohibit the States from imposing such a burden as would prevent the capital of individuals from freely seeking investment in institutions which it was the express object of the law to establish and promote. The business of banking, including all the operations which distinguish it, might be carried on under State laws, either by corporations or private persons, and capital in the form of money might be invested and employed by individual citizens in many single and separate operations forming substantial parts of the business of banking. A tax upon the money of individuals, invested in the form of shares of stock in National banks, would diminish their value as an investment and drive the capital so invested from this employment, if at the same time similar investments and similar employments under the authority of State laws were exempted from an equal burden. The main purpose, therefore, of Congress, in fixing limits to State taxation on investments in the shares of National banks, was to render it impossible for the State, in levying such a tax, to create and foster an unequal and unfriendly competition, by favoring institutions or individuals carrying on a similar business and operations and investments of a like character. The language of the act of Congress is to be read in the light of its policy.

Applying this rule of construction, we are led, in the first place, to consider the meaning of the words "other moneyed capital," as used in the statute. Of course it includes shares in National banks; the use of the word "other" requires that. If bank shares were not moneyed capital, the word "other" in this connection would be without significance. But "moneyed capital" does not mean all capital the value of which is measured in terms of money. In this sense, all kinds of real and personal property would be embraced by it, for they all have an estimated value as the subjects of sale. Neither does it necessarily include all the forms of investment in which the interest of the owner is expressed in money. Shares of stock in railroad companies, mining companies, manufacturing companies, and other corporations, are represented by certificates showing that the owner is entitled to an interest, expressed in money value, in the entire capital and property of the corporation, but the property of the corporation which constitutes its invested capital may consist mainly of real and personal property, which, in the hands of individuals, no one would think of calling moneyed capital, and its business may not consist in any kind of dealing in money, or commercial representatives of money.

So far as the policy of the government in reference to National banks is concerned, it is indifferent how the States may choose to tax such corporations as those just mentioned, or the interests of individuals in them, or whether they should be taxed at all. Whether property interest in railroads, in manufacturing enterprises, in mining investments and others of that description, are taxed or exempt from taxation, in the contemplation of the law, would have no effect upon the success of National banks. There is no reason, therefore, to suppose that Congress intended, in respect to these matters, to interfere with the power and policy of the States. The business of banking, as defined by law and custom, consists in the issue of notes payable on demand, intended to circulate as money where the banks are banks of issue; in receiving deposits payable on demand; in discounting commercial paper; making loans of money on collateral security; buying and selling bills of exchange; negotiating loans, and dealing in negotiable securities issued by the Government, State and National, and municipal and other corporations. These are the operations in which the capital invested in National banks is employed, and it is the nature of that employment



which constitutes it in the eye of this statute "moneyed capital." Corporations and individuals carrying on these operations do come into competition with the business of National banks, and capital in the hands of individuals thus employed is what is intended to be described by the act of Congress. That the words of the law must be so limited appears from another consideration; they do not embrace any moneyed capital in the sense just defined, except that in the hands of individual citizens. This excludes moneyed capital in the hands of corporations, although the business of some corporations may be such as to make the shares therein belonging to individuals, moneyed capital in their hands, as in the case of banks. A railroad company, a mining company, an insurance company, or any other corporation of that description, may have a large part of its capital invested in securities payable in money, and so may be the owners of moneyed capital; but, as we have already seen, the shares of stock in such companies held by individuals are not moneyed capital.

The terms of the act of Congress, therefore, include shares of stock or other interests owned by individuals in all enterprises in which the capital employed in carrying on its business is money, where the object of the business is the making of profit by its use as money. The moneyed capital thus employed is invested for that purpose in securities by way of loan, discount, or otherwise, which are from time to time, according to the rules of the business, reduced again to money and reinvested. It includes money in the hands of individuals employed in a similar way, invested in loans, or in securities for payment in money, either as an investment of a permanent character, or temporarily with a view to sale or repayment and reinvestment. In this way the moneyed capital in the hands of individuals is distinguished from what is known generally as personal property. Accordingly, it was said in *Evansville Bank v. Britton*, 105 U. S. 322: "The act of Congress does not make the tax on personal property the measure of the tax on the bank shares in the State, but the tax on moneyed capital in the hands of the individual citizens. Credits, money loaned at interest, and demands against persons or corporations are more purely representative of moneyed capital than personal property, so far as they can be said to differ. Undoubtedly there may be said to be much personal property exempt from taxation without giving bank shares a right to similar exemption, because personal property is not necessarily moneyed capital. But the rights, credits, demands, and money at interest mentioned in the Indiana statute, from which *bona fide* debts may be deducted, all mean moneyed capital invested in that way.

This definition of moneyed capital in the hands of individuals seems to us to be the idea of the law, and ample enough to embrace and secure its whole purpose and policy.

From this view, it follows that the mode of taxation adopted by the State of New York in reference to its corporations, excluding for the present trust companies and Savings banks, does not operate in such a way as to make the tax assessed upon shares of National banks at a greater rate than that imposed upon other moneyed capital in the hands of individual citizens.

This is the conclusion reached on similar grounds by the Court of Appeals of New York. In the case of *McMahon v. Palmer*, 102 N. Y. 176, that court said: "Our system of laws, with reference to the taxation of incorporated companies and capital invested therein, has been carefully framed with a view of reaching all taxable property and subjecting it to equality of burden, so far as that object is attainable

in a matter so complex. In view of the wide variation in the employable value of such investments and the frequent mutations in their conditions, it is by no means certain that this object has not been attained with reasonable accuracy. It is quite clear, from even this cursory review of the statutes, that if any discrimination is made by our laws in taxing capital invested, it is not to the prejudice of that employed in banking corporations. Even if this were not the result of the statute, we are of opinion that investments in the shares of companies named do not come within the meaning of that clause in the Federal statutes, referring to other moneyed capital in the hands of individuals. That phrase, as generally employed, distinguishes such capital from other personal property and investments in the various manufacturing and industrial enterprises. And this is the sense in which it is used in our tax laws, as appears by reference to the statutes."

The cases of trust companies and Savings banks require separate consideration. Section 312 of Chapter 409 of the Act of 1882 is a re-enactment of Section 3 of Chapter 596 of the Laws of 1880, except that in the latter, trust companies were included with banks and banking institutions, so as to subject the stockholders therein to the same rule of assessment and taxation on the value of their shares of stock. The present statute omits them from the corresponding section. The consequence is, that trust companies are taxable, as other corporations under the Act of 1857, for local purposes, upon the actual value of their capital stock. By Chapter 361 of the Laws of 1881, as amended, they are subjected to a franchise tax, in the nature of an income tax payable to the State for State purposes. It is argued from this legislation, in reference to the taxation of trust companies, that it discloses an evident intent to discriminate in favor of the latter as between them and the banks, including national banks; and it is argued that, considering the nature of the business in which trust companies are engaged, it is a material and unfriendly discrimination in favor of State institutions engaged to some extent in a competing business with that of National banks. Trust companies, however, in New York, according to the powers conferred upon them by their charters and habitually exercised, are not in any proper sense of the word banking institutions. They have the following powers: To receive moneys in trust and to accumulate the same at an agreed rate of interest; to accept and execute all trusts of every description committed to them by any person or corporation or by any court of record; to receive the title to real or personal estate on trusts created in accordance with the laws of the State, and to execute such trusts; to act as agent for corporations in reference to issuing, registering and transferring certificates of stock and bonds, and other evidences of debt; to accept and execute trusts for married women in respect to their separate property; and to act as guardian for the estates of infants. It is required that their capital shall be invested in bonds and mortgages on unincumbered real estate in the State of New York worth double the amount loaned thereon, or in stocks of the United States or of the State of New York, or of the incorporated cities of that State.

It is evident, from this enumeration of powers, that trust companies are not banks in the commercial sense of that word, and do not perform the functions of banks in carrying on the exchanges of commerce. They receive money on deposit, it is true, and invest it in loans, and so deal, therefore, in money and securities for money in such a way as properly to bring the shares of stock held by

individuals therein within the definition of moneyed capital in the hands of individuals, as used in the act of Congress. But we fail to find in the record any sufficient ground to believe that the rate of taxation, which in fact falls upon this form of investment of moneyed capital, is less than that imposed upon shares of stock in National banks.

It appears from the tax laws of New York applicable to the subject, as judicially construed by the Court of Appeals of that State, that the capital stock of such a corporation is to be assessed at its actual value. The actual value of the whole capital stock is ascertained by reference, among other standards, to the market price of its shares, so that the aggregate value of the entire capital may be the market price of one multiplied by the whole number of shares. (*Oswego Starch Factory v. Dolloway*, 21 N. Y. 449; *The People v. The Commissioners of Taxes*, 95 N. Y. 554.) From this are to be deducted, of course, the real estate of the corporation otherwise taxed, and the value of such part of the capital stock as is invested in non-taxable property, such as securities of the United States. In addition to this, the corporation, as already stated, pays to the State as a State tax, a tax upon its franchise based upon its income; the tax on the capital being for local purposes.

It is evident, we think, that taxation in this mode is, at least, equal to that upon the shares of individual stockholders, for if the same property was held for the same uses and taxed by the same rule, in the hands of individuals, as moneyed capital, it would be subject to precisely the same deductions; in addition to which, the individual would be entitled to make a further deduction of any debts he might owe. Upon these grounds, therefore, we are of opinion that this mode of taxing trust companies does not create the inequality which the appellant alleges.

In the case of savings banks, we assume that neither the bank itself nor the individual depositor is taxed on account of the deposits. The language of the statute (section 4, chapter 456, Laws of 1857) is as follows: "Deposits in any banks for savings, which are due to the depositors, . . . shall not be liable to taxation, other than the real estate and stocks which may be owned by such bank or company, and which are now liable to taxation under the laws of this State."

According to the stipulation in this case, the deposits in such banks amount to \$437,107,501, with an accumulated surplus of \$68,669,001. It cannot be denied that these deposits constitute moneyed capital in the hands of individuals within the terms of any definition which can be given to that phrase; but we are equally clear that they are not within the meaning of the act of Congress in such a sense as to require that, if they are exempted from taxation, shares of stock in National banks must thereby also be exempted from taxation. No one can suppose for a moment that Savings banks come into any possible competition with National banks of the United States. They are what their name indicates, banks of deposit for the accumulation of small savings belonging to the industrious and thrifty. To promote their growth and progress is the obvious interest and manifest policy of the State. Their multiplication cannot in any sense injuriously affect any legitimate enterprise in the community. We have already seen that, by previous decisions of this Court it has been declared that "it could not have been the intention of Congress to exempt bank shares from taxation because some moneyed capital was exempt;" *Hepburn v. School Directors*, 23 Wallace, 480; and that "the act of Congress was not intended to curtail the State power on the subject of taxation. It simply required that capital invested in National banks should not be taxed at a greater rate than

like property similarly invested. It was not intended to cut off the power to exempt particular kinds of property, if the Legislature chose to do so." (*Adams v. Nashville*, 95 U. S., 19.) The only limitation, upon deliberate reflection, we now think it necessary to add, is that these exemptions should be founded upon just reason, and not operate as an unfriendly discrimination against investments in National bank shares. However large, therefore, may be the amount of moneyed capital in the hands of individuals, in the shape of deposits in Savings banks as now organized, which the policy of the State exempts from taxation for its own purposes, that exemption cannot affect the rule for the taxation of shares in National banks, provided they are taxed at a rate not greater than other moneyed capital in the hands of individual citizens otherwise subject to taxation.

It is further objected, on similar grounds, to the validity of the assessment complained of in this case, that municipal bonds of the city of New York, to the amount of \$13,467,000, are also exempted from taxation. The amount of the exemption in this case is comparatively small, looking at the whole amount of personal property and credit which are the subjects of taxation; not large enough, we think, to make a material difference in the rate assessed upon National bank shares; but, independently of that consideration, we think the exemption is immaterial. Bonds issued by the State of New York, or under its authority by its public municipal bodies, are means for carrying on the work of the government, and are not taxable even by the United States, and it is not a part of the policy of the government which issues them to subject them to taxation for its own purposes. Such securities undoubtedly represent moneyed capital, but as from their nature they are not ordinarily the subjects of taxation, they are not within the reason of the rule established by Congress for the taxation of National bank shares.

The same considerations apply to what is called an exemption from taxation of shares of stock corporations created by other States and owned by citizens of New York, which it is agreed amount to at least the sum of \$250,000,000. It is not pretended, however, that this exemption is based upon the mere will of the Legislature of the State. The courts of New York hold that they are not the proper subjects of taxation in the State of New York, because they have no *situs* within its territory for that purpose. (*Hoyt v. The Commissioners, of Taxes*, 23 N. Y. 224; *People, ex rel. &c. v. The Commissioners*, 4 Hun. 595.) The objection would be equally good if made to the non-taxation of real estate owned by citizens of New York, but not within its limits. Clearly the property to be taxed under the rule prescribed for the taxation of National bank shares must be property which, according to the law of the State, is the subject of taxation within its jurisdiction.

Upon these grounds, substantially the same as those on which the Circuit Judge proceeded, 28 Fed. Rep. 776, we are of opinion that the appellant is not entitled to the relief prayed for.

The degree of the Circuit Court is, therefore, affirmed.

MR. JUSTICE BLATCHFORD took no part in the decision of this case.

CANADIAN INDEBTEDNESS.—A Toronto paper takes a very gloomy view of the financial condition of Canada, and has gone to considerable trouble to show how heavy is the burden of debt under which it labors. The net debt per family is about \$234, and the interest per family is \$9.36. The debt on the family calculation is double that of the United States and the interest more than double. Going into details, every man, woman and child in the union is saddled with a debt of \$50, and if seven years' wheat crops were devoted to liquidating the national debt there would still be an adverse balance.

ECONOMIC NOTES.

GEORGIA LAND THIEVES.

The land thieves have grown so bold in the wire grass region of Georgia that they have stolen millions of acres of the finest timber lands in the State. Their operations have been far-reaching, and the timber districts are suffering from the blighting effects of bogus titles which the land sharks have sown broadcast. They constitute the terror of the timber belt, and so expert have they become that conviction will be very difficult. They have secured lists of justices of the inferior courts, justices of the different districts, and the records of land grants, so that they can make up a chain of titles running back to the earliest grants, 150 years ago. With this valuable information at hand forgery becomes easy and conviction difficult. Operations in wild lands have been so spirited that the records in the Wild Land office show the amazing fact that often one piece of wild land will be returned for taxation by as many as ten persons, and frequently whole districts will average five owners for every lot. If a man wants to start a saw mill or a turpentine farm he can go to a land shark and get a chain of forged titles for a nominal sum and go to work. If the real owner goes to law the value of the land is soon consumed in costs. The land sharks have fortified themselves so well that in suits the bogus title often triumphs over the genuine title, for in the former the chain is made complete, while in the latter there is often a break.

WHAT FRANCE PAID TO GERMANY.

The indemnity could be paid under the treaty of Frankfort in either gold or silver; but that fact does not impress Mr. Manning. As a matter of fact the indemnity was paid chiefly in silver; but that little fact does not in the least affect the even tenor of Mr. Manning's reasoning. As it is common to hear of the enormous sums of gold paid by France to Germany, it may be well to publish an official statement on this subject. France had to pay 5,301,145,078 francs, the milliards being the principal, the remainder interest. Of this sum 325,157,309 francs were paid in kind, especially the Eastern railroad. The rest was paid in drafts, bills of exchange, paper money, silver or gold.

The total payment in gold was 127,250 thalers, 21 gr. and 5 pf. in German coins; 273,192,330 francs in Latin-Union coins; and £702,410s. in English coins, that is, less than 5½ per cent. of the indemnity paid by France to Germany was paid in gold. In addition, France paid £25,192,132 in sterling bills of exchange and \$34,645 in Bank of England notes. It appears, then, that on a liberal computation the Germans received about 18 per cent. of their war indemnity in gold or its equivalent. The rest was paid in silver or its equivalent, especially in German thalers, Latin-Union francs, Dutch guilders, Hamburg marks, and South German florins. Every cent has been duly accounted for by the German Treasury Department, and the plain truth is that Germany received from France chiefly silver or its equivalent, and paid its own expenses when it saw fit to make large gold purchases. These purchases it could have made without the French indemnity, for the credit of Germany happens to be good in all financial markets—as good certainly as that of France, the United Kingdom and the United States. It is very easy and very cheap to charge the fall in

the price of silver to German sales. But in the first place the charge cannot be substantiated, and in the next place France gave so much silver to Germany that the latter country had to "unload" because it had more on hand than it could readily use.—*Boston Beacon*.

THE PRODUCTION OF GOLD AND SILVER.

Mr. John J. Valentine, of Wells, Fargo & Co., the well-known authority on gold and silver production, has issued his annual statement of precious metals produced in the States and Territories west of the Missouri river (including British Columbia, and receipts by express from the West Coast States of Mexico) during 1886. It shows aggregate product as follows: Gold, \$30,773,759; silver, \$53,776,055; copper, \$9,276,755; lead, \$9,185,192; total gross result, \$103,011,761. The facilities afforded for the transportation of bullion, ores and base metals by the extension of railroads into mining districts increase the difficulty of verifying the reports of the products from several important localities; and the general tendency is to exaggeration when the actual values are not obtainable from authentic sources. But the aggregate result, as shown herein, may be relied on with reasonable confidence as approximately correct.

States and Territories	Gold dust & bullion by express & other conveyances. \$		Silver bullion by express. \$		Ores & Base bullion by freight. \$		Total. \$
California.....	13,208,034	..	918,403	..	563,948	..	14,690,385
Nevada.....	1,739,959	..	5,502,596	..	1,927,365	..	9,169,920
Oregon.....	701,907	..	1,310	..	—	..	703,217
Washington.....	164,694	..	—	..	—	..	164,694
Alaska.....	444,975	..	—	..	—	..	444,975
Idaho.....	2,116,500	..	2,602,000	..	3,015,000	..	7,733,500
Montana.....	2,600,000	..	7,840,000	..	10,400,000	..	20,840,000
Utah.....	19,140	..	3,080,759	..	5,531,696	..	8,631,595
Colorado.....	3,500,000	..	5,750,000	..	15,750,000	..	25,000,000
New Mexico.....	154,784	..	279,909	..	3,387,178	..	3,821,871
Arizona.....	683,827	..	1,371,083	..	4,048,468	..	6,103,378
Dakota.....	2,605,250	..	251,437	..	—	..	2,856,687
Mexico (West Coast States).....	469,490	..	1,627,204	..	12,000	..	2,108,694
British Columbia...	742,845	..	—	..	—	..	742,845
	29,151,405	..	29,224,701	..	44,635,655	..	103,011,761

The gross yield for 1886, shown above, segregated, is approximately as follows:

Gold.....	29 87-100	....	\$30,773,759
Silver.....	52 21-100	....	53,776,055
Copper.....	9 00-100	....	9,276,755
Lead.....	8 92-100	....	9,185,192
Total.....			\$103,011,761

Annual products of lead, copper, silver and gold in the States and Territories west of the Missouri river, 1879, 1886:

Year.	Production as per W. F. & Co.'s statements including amounts from B. Columbia & West Coast of Mexico.	Product after deducting amounts from B. Columbia and West Coast of Mexico.
1879.....	\$75,349,501	\$72,688,888
1880.....	80,167,936	77,232,512
1881.....	84,504,417	81,198,474
1882.....	92,411,835	89,207,549
1883.....	90,313,612	84,639,212
1884.....	84,975,954	81,638,835
1885.....	90,181,260	87,311,382
1886.....	103,011,761	100,160,222

The exports of silver during the past year to Japan, China, the Straits, etc., have been as follows: From London, \$26,519,328; from Marseilles, \$956,650; from Venice, \$—; from San Francisco, \$16,558,612. Total, \$44,034,590, as against \$56,109,949 last year. Pound sterling estimated at \$4.84. The exhibits of production and mintage indicate a steady development of the minting interests of the United States of America, and also of Mexico, and with the increasing facilities of railway communications fostering every department of industry, the outlook for a continued growth in the product of precious metals is flattering.

INDIA AND THE ENGLISH.

A returned American missionary has given to the *Rochester Post-Express* his views in regard to English rule in India and the effect of railway construction in that country, as follows: "Many and various are the accounts which have been written of the effects of English rule in India, but I am inclined to think that it is, on the whole, beneficent. While the educated Indians are impatient of any rule, the great mass of the people are content. Whatever the ruler, their burdens will be equally heavy. Much is said of the exorbitant taxation which prevails throughout India. In the first place taxation is necessary for the support of the Government. None of the money thus raised is sent to England. The English have spoiled India, it is true, but it has been by commerce and not by extortion. The reason that ordinary taxation seems such a burden is that the mass of the people are living in wretched, ignorant and degrading poverty. The average wages for an Indian laborer are \$25 per year, and the average farm is five acres in extent. The whole of Central India will soon be opened up by the railroads, which are being rapidly constructed all over the country. Over 1,500 miles of road have already been built. These roads are constructed by corporations with a guaranty of 5 per cent. interest on the money invested. In consideration of this guaranty the Government reserves the right to purchase the roads in twenty years, and the Government is taking advantage of this right. This, in time, will become an immense source of revenue. These railroads, although they will in time become a source of great commercial advantage, at first cause great suffering and distress among the mass of the people. For instance, a railroad taps a great rice-growing region. A foreign market is afforded and the price of that commodity is doubled. This is grand for the rice growers, but what becomes of the people to whom rice means existence? They are reduced to the verge of starvation."

THE COST OF BEING "ORDERED OUT."

"The freight handlers and 'longshoremen in New York,' the *Philadelphia Ledger* reminds us, "were 'ordered out' merely to help the coal handlers, and their strike has altogether failed of its intended effect in that direction. But the men have already lost over \$100,000 in wages, many of their places have been filled by strangers, and they have brought into the City of New York perhaps two thousand laborers with whom they will hereafter have to compete or divide what work is to be had, or leave their homes to find work elsewhere. This is a feature of strikes that is not often considered. Labor, even more freely than other commodities, flows to the place where there is a demand for it. A strike invites idle laborers from everywhere to the new market. In a big city of diversified industries the effect on the general market is not always clearly seen, but in the mining regions, where there is only one kind of work to be done and a fixed population to do it, this result of strikes is most clearly shown. In one of the bituminous coal districts of this State long strikes, repeated several times within the last ten years, have

drawn into it fresh labor from all quarters, until now there are three times as many men in the district as are really required for the work to be done. Such observations on the natural course of events do not mean that men should accept whatever is offered them for fear or having their condition made worse, but they ought to induce a much more careful consideration of questions in dispute before a strike is ordered than the 'walking delegates,' with their own salaries assured, are likely to give them."

PROFIT-SHARING FOR TENANTS.

Professor Felix Adler, of New York, some three years ago suggested a plan for the erection and management of model tenement houses, including a scheme by which the tenants should gradually become owners of their homes by sharing the profits of the rents paid. After a certain fixed interest on the capital invested has been taken out of the revenues of the house, the surplus is to be divided among the tenants in proportion to the rents they have paid, and held in trust as a reserve fund, from which rents could be paid in case of sickness or loss of employment. If the accumulation of reserve at any time equals the estimated value of the tenement occupied, the tenant will receive enough stock to represent the tenement, and he will thus become virtual owner of his home and a further sharer in the profits of the whole enterprise. He will also, by this plan, be led naturally to have an interest in keeping the premises clean and in good repair. Professor Adler's plan was taken up by a number of philanthropic capitalists and a fund was subscribed six months ago for the purchase of ground and erection of model tenement houses for the experiment. They will accommodate about six hundred persons. The rents are to be about the same as in neighboring tenements, which are far inferior. The stockholders are to receive four per cent. upon their investment, the cost of taxes and care of the buildings will bring the fixed charges up to eight per cent., and yet the rents will afford a considerable profit to be divided among the tenants.—*Springfield Union*.

CORRESPONDENCE.

To the Editor of the BANKER'S MAGAZINE:

One of the most remarkable instances of modern "check collecting" came under my observation to-day, and I thought it might be of interest to have it communicated to your readers, as follows: A check was drawn in Alexandria, Va., on April 9th, upon the First National Bank of that city, and sent to a firm in Philadelphia, who deposited it in the C. National Bank, and as a first-class business method, they sent it to a bank in a Western city which has been extensively advertising lately to take everything at par, from Kamskatka, to Mozambique, thus going out of its course several hundred miles. This liberal institution seems to have had a reciprocal account for all Eastern items with the S. National Bank of Philadelphia, so the check started on its round trip back again, and after getting to its starting place, was forwarded to us, who collected it direct. The most surprising thing about the occurrence is the risk which was evidently taken by some one in delaying the collection of the check, which was drawn for over \$1,900. This risk was surely assumed by the bank in whose hands the check first fell, as it is reasonable to suppose that banks who advertise such low-rate facilities cannot guarantee early presentations.

T. F. W.

INQUIRIES OF CORRESPONDENTS.

ADDRESSED TO THE EDITOR OF THE BANKER'S MAGAZINE.

I. POST DATED CHECK.

Is a post dated check issued and negotiated for value, payable upon presentation? One party claims it has no existence until day of date; another, that the issuing makes it live paper, and in order to govern the time of payment, it must be written in body of check.

REPLY.—Certainly not. It is not payable, and the bank would not be justified in paying it until the day of its date. The fact that it has been negotiated for value is of no consequence, and will not even deprive the drawer of the power of stopping its payment. The holder must wait until the day of its date before he has the right to present it for payment, and if payment is then refused, his only recourse is against the drawer.

II. "NO PROTEST" WRITTEN ON FACE OF DRAFT BY DRAWER.

A party in Dighton, Kansas, makes a draft on a party in B, and writes across the face "No Protest;" the same is forwarded for collection, first to Kansas City, from there it is sent to New York and from New York to B, where party on whom draft is drawn resides. The New York bank list this item as cash with checks forwarded for collection to the bank at B. Should the bank at B protest the same in case of non-acceptance or non-payment, in order to hold indorsers, or are the words "No Protest" across face sufficient reason for the bank at B not protesting the same?

REPLY.—Protest is unnecessary. The words "No Protest" having been written into the draft by the drawer, become part of the instrument, and necessarily amount to a waiver of protest by him and by all who subsequently indorse it. See *BANKER'S MAGAZINE*, vol. 34, pp 313, 573. Numbers of October, 1879, January, 1880.

III. TRANSFER OF SHARES IN A NATIONAL BANK.

The National Banking Act provides R. S. § 5,139, that the capital stock of each association shall be "transferable on the books of the association in such manner as may be prescribed in the by-laws or articles of association;" and the by-laws of a National bank established in Massachusetts provide that shares therein shall be transferable "only on the books of the bank upon the return of the certificate properly indorsed." Under these circumstances can a shareholder make a pledge of his shares which will be good against an attaching creditor of the pledger by a simple delivery of the certificate, accompanied by a power of attorney to transfer on the books of the bank, but without an actual transfer to the pledgee being made upon such books?

REPLY.—It is entirely clear that this may be done. Before the passage of the Statute of 1881, Ch. 302, requiring all transfers of stock in corporations to be made on the books of the corporation, the law of Massachusetts appears to have been settled as follows:

If the requirement that shares should be transferred only on the books of the corporation, was contained in the charter of incorporation or some public

act of the Legislature, then a transfer made in any other manner was inoperative against an attaching creditor. *Fisher v. Essex Bank*, 5 Gray, 373.

If, however, there was no such provision in the charter or in any public law governing the corporation, the transfer would be good. *Boston Music Hall v. Cory*, 129 Mass., 435; and any by-law requiring such transfer was held to be a mere regulation by the corporation of its relations with its shareholders, made for its own protection and not to affect the rights of third persons. *Sargent v. Essex Marine Railway*, 9 Pick., 201.

All these questions, however, so far as they relate to Massachusetts corporations, have now been settled by the Statute of 1884, Ch. 229, which makes a delivery of the certificate, accompanied with an assignment and power of attorney to transfer, sufficient against everybody except the corporation itself.

But the question—what is a good transfer of shares in a National bank against an attaching creditor, is a question arising under the laws of the United States, as to which there must be one uniform rule throughout the whole United States; and is not affected by the peculiar rules which may prevail in Massachusetts or in any particular State. In *Dickinson v. Central National Bank*, 129 Mass., 279, decided in 1880, the Massachusetts Court held that an assignment of shares in a National bank by delivery of the certificate, accompanied with a power of attorney to transfer, was good against the assignee in bankruptcy of the assignor. There the by-law of the bank was similar to the one stated in the inquiry, but the Court expressly declined to decide whether, under the laws of the United States, the provision cited from the Banking Act and a by-law made thereunder, requiring the transfer to be made on the books of the bank, prohibited a transfer in any other manner within the rule stated in *Fisher v. Essex Bank supra*, or was only a regulation made by the bank for its own protection within the doctrines of *Sargent v. Essex Marine Railway supra*.

In *Sibley v. Quinsigamond Nat. Bank*, 133 Mass., 515, decided in 1882, where the by-law of the bank was similar, it was decided that shares standing in the name of A, but really held in trust for B, the certificate for which had been indorsed by A to B, and was in B's possession, could not be taken by the assignee in insolvency or an attaching creditor of A. In this case it was decided that the transfer was good by the laws of Massachusetts; but it was also said by the judge giving the opinion, that the rights of a transferer of stock in a National bank depend upon the proper construction of a statute of the United States; and that the statutes of Massachusetts relating to transfers of stock, and the decisions made upon them by its courts, have no direct bearing upon the question and furnish little aid in determining it; and that the proper rule of construction is to be found in the decisions of the Courts of the United States.

About the same time the question came before Judge Lowell, in the Circuit Court of the United States, in the case of *Continental Nat. Bank v. Eliot Nat. Bank*, 7 Fed. Rep., 369, and he decided, after a full examination of all the authorities, that a transfer on the books of the bank is not necessary to protect a pledgee against an attaching creditor of the pledger.

This decision is in accordance with the general current of authority throughout the United States, see Morawitz on Private Corporations, 2d Ed., § 195, and cases cited; and appears to settle the law upon the subject.

BOOK NOTICES.

The First Nine Years of the Bank of England. An Enquiry into a Weekly Record of the Price of Bank Stock from August 17, 1694, to September 17, 1793. By JAMES E. THOROLD ROGERS, Oxford. At the Clarendon Press. New York: Macmillan & Co. 1887.

All who have read Macaulay remember his brilliant pages devoted to the early and trying years of the Bank of England. Mr. Rogers having discovered some fresh material relating to the price of its stock during the first nine years of its existence, has gone over that period once more, and in less than two hundred pages has retold the story of its organization, its early trials and its efficiency in sustaining the government. Every one who is in the least interested in the history of banking, will get pleasure and profit from reading this work. The author does not profess to give many new facts besides the quotations of prices; but the facts are presented under another grouping, and in connection with the price quotations, especially those of foreign bills of exchange, possess a new significance. They also strengthen the conclusion that the aid so effectively administered to the public was the result, less of the efforts of any member of the English Ministry than of the sagacity and unselfish devotion of the managers of the bank. This conclusion is sustained by ample authority. We propose in an early number of the magazine to give an account of some of the unique experiences of the bank, drawn from this work; in the meantime we strongly commend the reading of it to all who are or should be interested in the fortunes of the greatest bank in the world.

Public Debts. An Essay in the Science of Finance. By HENRY C. ADAMS, Ph. D., of the University of Michigan and Cornell University. New York: D. Appleton & Co. 1887.

The author says that the purpose of his treatise is "to portray the principles which underlie the use of public credit. The essay is neither statistical nor historical, although it relies upon statistics and makes frequent appeals to history." The work is divided into three parts: public borrowing as a financial policy, national deficit financiering, and local deficit financiering. In the first, the author treats of modern public debts, their political and social tendencies and industrial effects, closing with an answer to the inquiry, "When may States borrow money?" In the second part is considered the financial management of a war, classification of public debts, liquidation of war accounts, peace management of a public debt, and closing with an answer to the question, "Ought public debts to be paid; if so, with what rapidity and in what manner?" The concluding part deals with a comparison of local and national debts, the growth of State indebtedness between 1830 and 1850, the subject of municipal indebtedness, and the policy of restricting governmental duties.

From this glance the reader will learn what field has been covered. A

very considerable portion of the work possesses a timely interest. Municipal governing is a question of the highest order to-day, and the growth and management of municipal indebtedness are among the most important subdivisions of the general question. The author makes an effective plea for the payment of the public debt, for which we feel like applauding him. Our readers are familiar with the position the magazine has always taken on that subject. A national debt is not a blessing. The author advances the following proposition: "The payment of the principal of a debt tends neither to impoverish a nation nor to retard its material development, but, on the other hand, the maintenance of the principal and the constant payment of accruing interest tend to cripple the productive capacity of any people."

The work is excellent in arrangement, the style is clear, and we trust it will find its way to many readers.

The Statesman's Year Book. Statistical and Historical Annual of the States of the Civilized World for the Year 1887. Edited by J. SCOTT KELTIE. Revised after official returns. London and New York: Macmillan & Co.

To arrange in a convenient form the statistics of all countries, to give them accurately, so that they may be cited without fear of dispute, is the object of the *Statesman's Year Book*. With such a vast subject of course changes and conditions must be constant. A general article is devoted to the minor colonies of Great Britain, but Ceylon, Hong Kong, India, the Straits Settlements, the Cape Colony, Canada, and Australasia are discussed in separate articles. Upper Burmah, with its 190,500 square miles, and three million inhabitants, is now merged in India; but Corea is treated as a separate country. The colonial enterprise of Germany and France also occasions new matter. Statistics of population are always subject to modification, and all such changes in the world's progress must find their variations in the *Statesman's Year Book*. Then there are the commercial enterprises of many countries to be looked up and tabulated. The mass of material to be found in this work is infinite and the labor necessary hardly to be measured. In looking over that portion of the volume devoted to the United States, at once the scope and fullness of the information can be appreciated. Best of all, the index is very complete.

Natural Law in the Business World. By HENRY WOOD. Boston: Lee & Shepard, Publishers. 1887.

The author says that he makes "no claim to any new discoveries, or original theories in the domain of political economy." Nor are the words of his book in any sense "directed against labor, but only against the abuses and evils that masquerade under its banner." He expresses in strong, simple, direct language the conclusions on the labor question which have been reached with great unanimity by intelligent people. He shows that wealth and its blessings have always been the natural consequence of industry, temperance, frugality, and good judgment, and gives new point to the old lesson that the best friend of the workingman is first himself and next the Savings bank. Mr. Wood also shows how sentimental and impractical theories confuse the natural order and involve the industrial community in endless troubles and desperate demoralization.

BANKING AND FINANCIAL ITEMS.

The Law Relating to Banks and their Depositors and Bank Collections, by the EDITOR OF THE BANKER'S MAGAZINE, will probably be ready for delivery as soon as this number shall reach our readers. It is the first work of the kind that has been written especially for bankers, containing all the law on the subject. Nearly sixteen thousand cases have been carefully examined and cited in this work. The author has been careful to avoid all technical language, and believes that the work is written plainly enough to be entirely understood by every careful reader. All the principles are methodically arranged so as to be easily found, with head notes to each section and paragraph, besides a complete index. See advertisement for fuller description and price of the work.

ALABAMA.—R. J. Terry, of Birmingham, proposes to erect a bank building at Anniston. Mr. R. C. Ross, of Iowa, will open a bank within a week or two at Scottsboro. The Tallapoosa County Bank, of Dadeville, has been organized with a capital of \$500,000—President, William Gray; Secretary, W. C. McIntosh. Dr. Jones and others, of Anniston, propose to erect a bank building at that place. The Decatur National Bank has been organized with a capital of \$100,000, and will at once begin building—H. G. Bond, president, W. K. P. Wilson, late of Kansas City, will be cashier. Another National bank is to be opened at Birmingham—S. D. Barnett, of Jackson, Miss., and other Mississippi and Alabama capitalists will be stockholders. Cash capital \$250,000.

GEORGIA.—Judge Geo. B. Stovall and others have formed a company with a capital stock of \$75,000 to establish a bank in Madison. The Elberton Loan and Savings Bank, of Elberton, has been organized with a capital stock of \$200,000—T. M. Swift, N. G. Long, W. C. Smith, McAlpin Arnold, W. O. Jones, and others, directors.

LOUISIANA.—The New Iberia National Bank, of New Iberia, has been organized with a capital stock of \$50,000—Jos. A. Breux, Felix Patout, Pierre Lebron, James Gebert, August Pascal, and others, directors.

MICHIGAN.—The State Bank, of Carson City, has been incorporated; capital stock \$50,000—E. C. Cummings, S. H. Caswell and J. W. Hallet incorporators. The American Banking and Savings Association, of Detroit, has been incorporated; capital stock, \$200,000—W. H. Stevens, Frank E. Snow and David Carter incorporators.

MISSISSIPPI.—The First National Bank, of Aberdeen, has been authorized to commence business with a capital stock of \$50,000.

NEW JERSEY.—A bank building will be erected in Glassboro—Jos. H. Duffield, J. P. Whitney and Thos. W. Synnott are interested.

OHIO.—A company with a capital stock of \$30,000 has been formed in Cedarville, for the purpose of establishing a National bank in that place—Andrew Jackson, Geo. W. Harper and Wm. M. Barber are interested.

PENNSYLVANIA.—Mr. J. R. Lee, of Plymouth, is interested in a bank to be established at that place. The National Security Bank, Seventh street and Girard avenue, Philadelphia, will erect new and commodious quarters at Franklin street and Girard avenue at once. The Land Title and Trust Co., No. 621 Chestnut street, Philadelphia, will erect a handsome building at No. 605 Chestnut street.

SOUTH CAROLINA.—Messrs. M. S. Baily & Sons will open a National bank at Laurens, shortly. A committee consisting of Johnson Hagood, A. P. Manville, M. Brown, and W. H. Duncan, with a capital stock of \$60,000, has been formed in Barnwell, for the purpose of opening a bank.

TENNESSEE.—The Third National Bank, of Knoxville, has been organized with a capital stock of \$250,000. Mr. William Vick, of Liberty, is interested in a bank to be established in that place. The First National Bank, of Ludington, will erect a two story building.

VIRGINIA.—W. E. Gaines and J. P. Agnew, of Burkeville, have formed a company with a capital stock of \$50,000, to establish a bank.

GEORGE P. FITCH, for many years Secretary of the Farmers' Loan and Trust Company of this city, died recently at his home, 149 East Thirty-fourth street. Mr. Fitch was born in Northampton, Mass., 79 years ago. When quite a young man he came to this city and entered the drug business. It was with the Farmers' Loan and Trust Company, however, that he became known, having been connected with it for about 40 years. He retired from the position of secretary in 1881 and took a trip abroad. Since his return he has lived quietly in his home on Thirty-fourth street. He was one of the early members of the Union League and the New England Society.

THE BANK CLAUSE IN THE NEW YORK SATURDAY HALF-HOLIDAY BILL.—The following is the amendment to the Saturday Half-Holiday bill, designed to protect the banks. (The bill has yet to be acted upon by the Assembly.) "All bills, checks and notes otherwise presentable for acceptance or payment on any of the said days, shall be deemed to be payable and be presentable for acceptance or payment on the secular or business day next succeeding such holiday; or in the case of a half-holiday, shall be presentable for acceptance or payment at or before 12 o'clock noon of that day. Provided, however, that for the purpose of protesting or otherwise holding liable any party to any bill of exchange, check or promissory note, and which shall not have been paid before 12 o'clock noon, on any Saturday, a demand of acceptance or payment thereof may be made any time after 12 o'clock noon on said Saturday and notice of protest or dishonor thereof may be given on the next succeeding secular or business day. And provided, further, that when any person shall on any Saturday receive for collection any check, bill of exchange or promissory note, such person shall not be deemed guilty of any neglect or omission of duty, nor incur any liability in not presenting for payment or acceptance, or collecting such check, bill of exchange or promissory note on that day. And provided, further, that in construing this section *every Saturday until 12 o'clock noon shall be deemed a secular or business day.*"

TAXATION OF BOSTON CITY BONDS.—In answer to a letter from Mayor O'Brien, which contained the question, "What amount, if any, of the bonds issued by the city of Boston have been taxed as personal property in recent years; in other words, what income does the city derive from bonds issued by it?" Mr. Thomas Hills, chairman of the Board of Assessors, replied as follows: "It is impossible to tell. They often appear in considerable amounts in the lists of trustees and conservative investors. But this volume cannot be ascertained, as it involves the question what proportion of them are in the personal property we 'doom' in bulk without itemizing—a question that cannot be answered except in a very general way. The amount must aggregate to a large sum. I will 'guess' six or eight millions—an amount equal to the real estate valuation of some of the small wards. They are held in large amounts by Massachusetts Savings banks, where they are taxed one-half of one per cent.; and the tax being paid to the State, diminishes by its amount the State tax and Boston's share of it. They are held very largely by monetary institutions outside the State limits—to that extent there is of course no tax payable to our community."

SEVERE, BUT JUST.—The Senate Committee on Banks, in Indiana, has reported favorably a bill that strikes at the very freedom of a certain class of managers of banking institutions. Their bill provides that when the owners of a bank receive money on deposit when it is in a failing condition, or they contemplate insolvency, the act shall be a felony. For bankers or any other persons to draw checks or notes without providing means to pay them shall also be felony, the punishment in both instances to be from two to fourteen years' imprisonment. It was also agreed upon, at the suggestion of Senator Fowler, that a clause shall be inserted providing that all banks, National and private, shall report annually their condition to the Auditor of State.—*Cincinnati Enquirer.*

TRADE DOLLARS REJECTED.—The Farmers' National Bank of Reading, Penn., forwarded to the Assistant United States Treasurer at Philadelphia, 23,000 trade dollars. That functionary, when the dollars arrived, refused to receive them, and so telegraphed the bank. The trade dollars were then ordered to be deposited in the vaults of the Bank of the Republic. The five other banks of that city have 80,000 more ready for shipment.

DAVID PRESTON, for 35 years the head of the banking house in Detroit bearing his name, whose death is noted elsewhere, went to Detroit in 1848, and entered the banking house of G. F. Lewis as a clerk. Four years later he started a private banking office of his own in the smallest way, and from that time to this had prosecuted his business until it had assumed large proportions. At the time of his death he was head of the Preston Bank of Detroit, incorporated under the State law, and was a large stockholder in the Metropolitan National bank of Chicago as the successor of the long established private banking house of Preston, Kean & Co., of that city. When the panic of 1873 so suddenly visited the financial world, Mr. Preston was caught with a large amount of his assets locked up in various forms in real estate, and a run upon his then private bank compelled its suspension for three days—Sept. 25–27. He at once issued a statement setting forth his exact condition, and assuring the public that if he was allowed to manage his own affairs every debt should be paid and \$250,000 remainder would be left. To the importunities of some of his business friends and of his legal advisers, to make an assignment as the best method to protect his creditors, he interposed a firm and flat refusal. In three days he had perfected arrangements by which he opened his doors, challenged the confidence of his depositors, and proceeded to transact business as before, in the mean time arranging for and liquidating his indebtedness. So strenuous and successful were his exertions that by the middle of December he had paid off \$650,000 of obligations and established his credit on an impregnable foundation. His whole life abounded in benefices, generally bestowed in religious channels and in his own denomination. Their total sum extended into the hundreds of thousands.

THE AMERICAN EXCHANGE BANK.—Since its incorporation in 1853 has White's Bank of Buffalo been doing a financial business. It has been regarded as one of the popular local business organizations. Within a few days this old stand-by has disappeared in name, and now the American Exchange Bank takes up its honorable career, with abundant promise of extending it to increased usefulness. The change of name will not change the high estimation in which this bank has for over a third of a century been held. Changes have also been made recently in the management, which will certainly conduce to its further success. The new officers are: John L. Williams, president; R. L. Howard, vice-president; S. W. Warren, cashier; A. B. Briggs, assistant cashier; R. L. Howard, S. O. Barnum, G. P. Sawyer, J. J. Albright, jr., P. P. Miller, Daniel O'Day, J. L. Williams, O. G. Warren, C. W. Goodyear, N. K. Hopkins, G. E. Laverack, directors. Considered as a whole and also individually, this directory is one of unusual strength. John L. Williams, who succeeds the lamented James D. Warren as president, is every inch a man of business. He has large natural executive capacity, and this has had the benefit of extensive experience in numerous positions of trust. His standing has ever been unquestioned, and his frank, agreeable manner will gain new friends for the bank of which he is now the head. R. L. Howard, the successful iron worker, has been the bank's vice-president for several years, and has proved himself an esteemed and valuable official. S. W. Warren has been cashier for the past year, and from 1880 was assistant cashier. For the seven previous years he was connected with other city banks. He has excellent tact and judgment in matters of finance. A. B. Briggs, the assistant cashier, has been in the banking business for ten years, and is a worthy aid to Mr. Warren. The new men added to the board of directors are among the solid and reliable business men of Buffalo. They are Daniel O'Day, the successful oil and gas producer; John L. Williams, formerly of the Western Transportation Company; P. P. Miller, treasurer of the Citizens' Gas Company; J. J. Albright, jr., of the Philadelphia & Reading Coal and Iron Company; C. W. Goodyear, of the United Lumber Company, and G. E. Laverack, of the wholesale grocer firm of Laverack & Co. The older directors are equally well known and esteemed as men of business, and all have in a large degree the confidence of their fellow citizens. With a capital of \$200,000, a surplus of \$45,000, and such a management as that here outlined, the old bank under its new name cannot but increase its usefulness and its prosperity.

DECISION AGAINST THE BOSTON PACIFIC BANK.—In the case of Mary J. Eaton against the Pacific National Bank, the full bench of the Supreme Court has ordered judgment to be entered for the plaintiff for \$4,000 and interest from January 10, 1882. On September 13, 1881, the directors voted that the capital stock be increased to \$1,000,000. On September 28, 1881, the plaintiff paid the defendant \$4,000 and received a receipt "on account of subscription to new stock." The bank subsequently suspended and refused to return the money plaintiff had subscribed.

AN EMBREZZLER CAPTURED IN CANADA BY THE AMERICAN SURETY COMPANY OF NEW YORK.—On March 15, 1886, E. H. Abbott, Supreme Secretary of the Order of the Royal Templars of Temperance, Buffalo, New York, made application to the American Surety Company, of New York, for a bond of \$10,000 to secure the Order for any dishonest act of his as such secretary. The company made the necessary investigation and issued the bond to Abbott on his payment of the premium thereon. Abbott had previously filed a bond with personal sureties, and it has been ascertained that at the time of taking out the bond of the American Surety Company he had concealed an embezzlement of at least \$1,000 so artfully as to escape detection by his superiors. It is presumed that his motive in applying to the Surety Company was to transfer, if possible, the liability from his personal friends, the bondsmen, to said company. After taking out the bond of the American Surety Company, he ascertained that the company had a summary way of dealing with defaulters, and that he could more safely repose under the personal surety than under the corporate bond. He accordingly did not file the American Surety Company's bond with the Order, but allowed the bond of his friends to remain in its place. The Order rested under the belief that Abbott had furnished the American Surety Company's bond, but neglected even to see that it had been filed.

Just sixteen days prior to the expiration of the Surety Company's bond, namely, on Sunday, Feb. 27, 1887, Abbott absconded to Canada with \$16,000 of the funds of the Order, and took with him, also, the bond of the Surety Company, which he had purchased but never put in force. He thought he could save himself from prosecution, and accordingly mailed the following letter, without date, but which was posted on the train of the Hamilton and Toronto Railway Post Office:

Richard A. Elmer, President, 160 Broadway, N. Y.:

DEAR SIR:—The amount of my shortage was \$15,800. I do not think your company should pay, for the reason that my bond (10,708) was never accepted or filed. It was never out of my possession. If the bond was in your possession would it relieve the company from paying the loss? A letter will reach me at Montreal, Quebec. [Signed,] E. H. ABBOTT.

It would seem to have been the height of injustice on the part of the Surety Company to pursue Abbott for the benefit of the Order, after he had taken pains to save the company from liability, but such was the fact. The American Surety Company assumed that there was a moral obligation resting upon it to prosecute Abbott, if possible, in Canada, and compel him to return such portion of the funds embezzled as had not been squandered. Abbott had taken with him a certain portion of the funds in drafts drawn to his own order on New York for \$9,000, and these the Surety Company captured before the proceeds got into his possession. After a three weeks' chase, in which Quebec, Montreal, and Toronto were thoroughly searched, the Surety Company's operator located Abbott at a point near the Northern shore of Lake Erie, and at once arrested him under the laws of Canada, (32-33 Victoria) for carrying stolen property into the Dominion. It was not clear, however, that a conviction under that statute was certain, and Abbott was allowed to restore, for the benefit of the Order, \$3,500 in cash and property valued at \$1,500. In the meantime four indictments have been found by the Grand Jury of Erie County, New York, and Abbott, in consequence, remains an exile in Canada.

By the prompt and voluntary action of the American Surety Company the Order loses only a little more than \$2,000, instead of \$16,000, originally taken.

This is the third absconder that the American Surety Company has captured in Canada within the past year, and during the same period it has secured the conviction of many defaulters in the United States, who have received sentences of from one to five years in the penitentiary, while others yet await trial.—*The New York Times.*

NEW BANKS, BANKERS, AND SAVINGS BANKS.

(Monthly List, continued from April No., page 788.)

<i>State.</i>	<i>Place and Capital.</i>	<i>Bank or Banker.</i>	<i>Cashier and N. Y. Correspondent</i>
N. Y. CITY.....		Ninth Avenue Bank.....	
	\$100,000	Wm. H. Bellamy, <i>Pr.</i>	Henry J. Hubbard, <i>Cas.</i>
ALA....	Birmingham...	Birmingham Nat'l B'k...	
	\$250,000	John W. Read, <i>Pr.</i>	H. C. Ansley, <i>Cas.</i>
" ..	Tuscaloosa	Merchants' Nat'l Bank....	
	\$100,000	Geo. A. Searcy, <i>Pr.</i>	E. N. C. Snow, <i>Cas.</i>
" ..	Gadsden.....	First National Bank.....	National Park Bank.
	\$25,000	A. L. Glenn, <i>Pr.</i>	W. G. Brockway, <i>Cas.</i>
" ..	Scottsboro....	Jackson County Bank....	Latham, Alexander & Co.
	\$15,000	(R. C. Ross & Co.)	Robt. C. Ross, <i>Cas.</i>
ARIZ....	Flagstaff.....	Arizona Central Bank...	United States National Bank.
	(Kimball, Freeman & Hoskins)		James H. Hoskins, <i>Cas.</i>
" ..	Nogales	Henry Hewitt, Jr. & Co.	
" ..	Tombstone....	Bank of Tombstone.....	National Bank of Commerce.
	\$50,000	Geo. Berrott, <i>Pr.</i>	Richard Wm. Wood, <i>Cas.</i>
ARK....	Helena.....	First National Bank.....	Chase National Bank.
	\$50,000	Frank B. Sliger, <i>Pr.</i>	L. Lucy, <i>Cas.</i>
CAL....	Los Angeles....	University Bank.....	Importers & Traders' Nat'l Bank.
		Robt. M. Widney, <i>Pr.</i>	Geo. L. Arnold, <i>Cas.</i>
" ..	San Francisco..	Sather Banking Co.....	
		H. L. Dodge, <i>Pr.</i>	
COL....	Glenwood Spgs.	First National Bank.....	Chemical National Bank.
	\$100,000	J. J. Hagerman, <i>Pr.</i>	J. H. Fesler, <i>Cas.</i>
CONN..	New Britain...	Merchants' Nat'l Bank...	Hanover National Bank.
	\$100,000	V. B. Chamberlain, <i>Pr.</i>	Wm. E. Attwood, <i>Cas.</i>
DAK....	Canton.....	Bank of Canton.....	Gilman, Son & Co.
" ..	Lisbon.....	First National Bank.....	Hanover National Bank.
	\$50,000	R. S. Adams, <i>Pr.</i>	H. K. Adams, <i>Cas.</i>
" ..	Mayville.....	First National Bank.....	
	\$50,000	G. S. Albee, <i>Pr.</i>	J. Rosholt, <i>Cas.</i>
" ..	Parker.....	First National Bank.....	
	\$50,000	L. K. Lord, <i>Pr.</i>	Geo. W. Stone, <i>Cas.</i>
FLA ...	Brooksville....	Bank of Brooksville....	Hanover National Bank.
	\$5,000	(M. E. Bishop)	M. E. Bishop, <i>Cas.</i>
GA....	Atlanta.....	North Side Savings Bank	Chase National Bank.
	\$40,000	(Chas. C. Nelson & Co.)	
" ..	Rome.....	Merchants' Nat'l Bank...	
	\$100,000	Reuben G. Clark, <i>Pr.</i>	Jack King, <i>Cas.</i>
ILL....	Bushnell.....	Citizens' Bank.....	Kountze Bros.
	\$15,000	(Heaton & Randall)	
" ..	Chicago.....	United States Nat'l Bank.	
	\$200,000	Zimri Dwiggins, <i>Pr.</i>	James M. Starbuck, <i>Cas.</i>
IOWA..	Cresco.....	Cresco Union Bank.....	Corbin Banking Co.
	\$26,000	Carl K. Berg, <i>Pr.</i>	Robt. Thomson, <i>Cas.</i>
" ..	Des Moines....	State Savings Bank.....	Importers & Traders Nat'l Bank.
	\$50,000	J. H. Merrill, <i>Pr.</i>	J. W. Geneser, <i>Cas.</i>
" ..	New Sharon...	Kramer & Hammond....	Gilman, Son & Co.
	\$20,000		
KAN....	Admire.....	Farmers' Bank.....	Commercial National Bank.
		Will Wayman, <i>Pr.</i>	Fremont Miller, <i>Cas.</i>
" ..	Bennington...	Bennington Banking Co.	Kountze Bros.
	\$16,000	C. Nelson, <i>Pr.</i>	David Binns, <i>Cas.</i>
" ..	Caldwell.....	First National Bank.....	Chase National Bank.
	\$50,000	S. P. G. Lewis, <i>Pr.</i>	T. E. Neal, <i>Cas.</i>
" ..	Chanute.....	Neosho County Bank...	Mercantile National Bank.
		Edward B. Daniel, <i>Pr.</i>	Frank M. Stoy, <i>Cas.</i>
" ..	Chautauqua Sp.	Osage Exchange Bank...	Henry S. Ives & Co.
		(L. S. Kincaid)	
" ..	Greensburg	Miller & Ryon	Chemical National Bank.
	\$20,000		

<i>State.</i>	<i>Place and Capital.</i>	<i>Bank or Banker.</i>	<i>Cashier and N. Y. Correspondent.</i>
KAN...	Erie.....	Farmers & Merchants B'k \$10,000 J. O. Johnston, <i>Pr.</i>	Bank of New York, N. B. A. Wm. P. Hazen, <i>Cas.</i>
"	.. Greensburg....	Greensburg Bkg. & Mortgage Co. \$10,000 Isaac W. Entz, <i>Pr.</i>	..... Jacob P. Siemens, <i>Cas.</i>
"	.. Greensburg....	First National Bank.....	Kountze Bros.
"	.. Horton.....	Thomas J. Ross, <i>Pr.</i>	Geo. S. Murphey, <i>Cas.</i>
"	.. Johnson City..	Bank of Horton..... Jas. W. Parker, <i>Pr.</i>	Mercantile National Bank. Frank D. Krebs, <i>Cas.</i>
"	.. Leon.....	Stanton County Bank... \$7,500 Lewis Haas, <i>Pr.</i>	Gallatin National Bank. Geo. F. Quick, <i>Cas.</i>
"	.. Leoti City....	Leon Exchange Bank.... Bank of Leoti City.....	Third National Bank. Chase National Bank.
"	.. Lyons.....	John H. March, <i>Pr.</i> Lyons Exchange Bank...	Winfield S. White, <i>Cas.</i> Kountze Bros.
"	.. Minneapolis....	Wm. Murphy, <i>Pr.</i> Corn State Bank.....	Chas. H. Dean, <i>Cas.</i> American Ex. Nat. Bank.
"	.. Norton.....	\$5,000 D. Buchanan, <i>Pr.</i>	W. C. Buchanan, <i>Cas.</i>
"	.. Oswego.....	First National Bank.....	.....
"	.. Pleasanton....	Aaron S. Raymond, <i>Pr.</i>	E. V. Peterson, <i>Cas.</i>
"	.. Simpson.....	First State Bank..... \$50,000 J. W. Marley, <i>Pr.</i>	National Park Bank. H. C. Cook, <i>Cas.</i>
"	.. Spearville....	Bank of Pleasanton.... \$50,000 W. P. Rice, <i>Pr.</i>	Chase National Bank. Geo. R. Saunders, <i>Cas.</i>
"	.. Topeka.....	Bank of Simpson..... \$10,000 Edwin H. Lupton, <i>Pr.</i>	Walter I. Brown, <i>Cas.</i>
"	.. Turon.....	Soule & Munsell..... \$50,000	United States National Bank.
"	.. Ulysses.....	Topeka Savings Bank... \$75,000 Albert W. Knowles, <i>Pr.</i>	Lynn G. Beal, <i>Treas.</i>
"	.. Wyandotte....	Farmers' Bank..... Jacob R. Huffman, <i>Pr.</i>	Richard S. Smedley, <i>Cas.</i>
"	.. Wichita.....	Grant County Bank..... \$50,000 A. Bennett, <i>Pr.</i>	C. E. Wickershaw, <i>Cas.</i>
"	.. Wichita.....	Fourth National Bank... \$200,000 W. K. Carlisle, <i>Pr.</i>	J. H. Slater, <i>Cas.</i>
"	.. Wyandotte....	Savings Bank of Wichita. Wm. Mathewson, <i>Pr.</i>	Importers & Traders Nat'l Bank. Robt. M. Piatt, <i>Cas.</i>
LA.....	Monroe.....	Fidelity Savings Bank... \$60,000 James D. Husted, <i>Pr.</i>	Chas. E. Husted, <i>Cas.</i>
"	.. New Iberia....	Ouachita National Bank \$50,000 D. A. Breard, Jr., <i>Pr.</i>	T. F. Millsaps, <i>Cas.</i>
ME.....	Dover.....	New Iberia Nat'l Bank.. \$50,000 Joseph A. Breaux, <i>Pr.</i>	P. L. Renoudet, <i>Cas.</i>
MASS..	Abington.....	Kineo National Bank.... \$50,000 E. A. Thompson, <i>Pr.</i>	C. B. Kittredge, <i>Cas.</i>
"	.. Abington.....	Abington National Bank. \$75,000 Chas. N. Cobb, <i>Pr.</i>	(Resumed under old number.) G. R. Farrar, <i>Cas.</i>
MICH..	Dowagiac.....	City Bank..... \$60,000 John Lyle, <i>Pr.</i>	F. W. Lyle, <i>Cas.</i>
"	.. Negaunee.....	V. J. Newman..... \$25,000	.....
MINN..	Red Lake Falls.	First National Bank..... \$50,000 Chas. E. Sweet, <i>Pr.</i>	James I. Wyer, <i>Cas.</i>
"	.. St. Paul.....	Commercial Nat'l Bank.. \$500,000 Albert Scheffer, <i>Pr.</i>	H. Scheffer, <i>Cas.</i>
MISS..	Natchez.....	First National Bank.....	Latham Alexander & Co.
"	.. Starkville....	First National Bank.... \$50,000 H. C. Powers, <i>Pr.</i>	E. L. Tarry, <i>Cas.</i>
MO.....	Chillicothe....	First National Bank.... \$50,000 Jas. M. Davis, <i>Pr.</i>	.....
"	.. Jonesburgh....	Jonesburgh Bank..... \$10,000 Douglass Wyatt, <i>Pr.</i>	Geo. L. Gupton, <i>Cas.</i>
"	.. Lebanon.....	Bank of Lebanon..... Wm. H. Owen, <i>Pr.</i>	Chase National Bank. David R. Diffenderfer, <i>Cas.</i>
"	.. Macon.....	Bank of Macon..... \$25,000 E. J. Demeter, <i>Pr.</i>	National Bank of Commerce. Duston Adams, <i>Cas.</i>
"	.. St. Joseph....	German-American Bank. \$100,000 John Donovan, Jr., <i>Pr.</i>	Geo. E. Black, <i>Cas.</i>

<i>State. Place and Capital.</i>	<i>Bank or Banker.</i>	<i>Cashier and N. Y. Correspondent.</i>
NEB.... Bladen.....	Bank of Bladen.....	.....
	\$10,000 Wm. H. Person, <i>Pr.</i>	Chas. A. Francis, <i>Cas.</i>
" .. Beaver Crossing	State Bank.....	First National Bank.
	R. S. Norval, <i>Pr.</i>	T. E. Sanders, <i>Cas.</i>
" .. Indianola.....	State Bank of Indianola.	Hanover National Bank.
	\$17,500 F. L. Brown, <i>Pr.</i>	C. S. Quick, <i>Cas.</i>
" .. Rulo.....	First National Bank.....	.....
	\$50,000 S. B. Miles, <i>Pr.</i>	F. O. Edgecombe, <i>Cas.</i>
" .. Strang.....	Farmers & Merchants' B.	Ninth National Bank.
	Godfrey C. Willis, <i>Pr.</i>	Frank J. Miller, <i>Cas.</i>
" .. Wilsonville....	Bank of Wilsonville.....	.....
	Henry Rice, <i>Pr.</i>	Hercules Rice, <i>Cas.</i>
N. J.... Hammonton...	People's Bank.....	.....
	\$10,000 Richard J. Byrnes, <i>Pr.</i>	Wilber R. Tilton, <i>Cas.</i>
" .. Jersey City.....	Third National Bank.....	.....
	\$200,000 John D. Carscallen, <i>Pr.</i>	Wm. M. Laws, <i>Cas.</i>
N. Y.... Akron.....	Tabor & Wiltse.....	Hanover National Bank.
" .. Belmont.....	Belmont Banking Co.....	.....
	M. E. Davis, <i>Pr.</i>	Wm. J. Richardson, <i>Cas.</i>
" .. Carthage.....	Carthage National Bank.	.....
	\$50,000 G. B. Johnson, <i>Pr.</i>	Mark S. Wilder, <i>Cas.</i>
" .. Edmeston.....	First National Bank.....	.....
	\$50,000 Caleb Clark, <i>Pr.</i>	T. Bootman, <i>Cas.</i>
" .. Norwood.....	State Bank of Norwood.	Ninth National Bank.
	\$25,000 Com. P. Vedder, <i>Pr.</i>	Frank L. Smith, <i>Cas.</i>
OREGON Arlington.....	First National Bank.....	.....
	\$50,000 David P. Thompson, <i>Pr.</i>	Jesse E. Frick, <i>Cas.</i>
" .. Pendleton.....	Pendleton National Bank	Hanover National Bank.
	\$50,000 James Steel, <i>Pr.</i>	Geo. V. Hamilton, <i>Cas.</i>
PENN... Philadelphia...	Market Street Nat'l Bank.	.....
	\$600,000 Chas. H. Banes, <i>Pr.</i>	Benj. F. Dennison, <i>Cas.</i>
TENN... Chatanooga....	Chattanooga Nat'l Bank.	.....
	Chas. A. Lyerly, <i>Pr.</i>	J. S. O'Neale, <i>Cas.</i>
" .. Knoxville.....	Third National Bank.....	.....
	\$250,000 Robt. N. Hood, <i>Pr.</i>	John A. McKeldin, <i>Cas.</i>
" .. Nashville.....	Nashville Tr. & Bkg. Co.	.....
	Allen P. Connell, <i>Pr.</i>	C. W. McLister, <i>Cas.</i>
" .. South Pittsburg	First National Bank.....	Hanover National Bank.
	Wm. M. Duncan, <i>Pr.</i>	Lewis R. Eastman, <i>Cas.</i>
TEX.... Dallas.....	Fourth National Bank.....	.....
	\$200,000 W. L. Griggs, <i>Pr.</i>	Samuel B. Hopkins, <i>Cas.</i>
" .. Granbury.....	First National Bank.....	Mercantile National Bank.
	\$50,000 Geo. W. Eastwood, <i>Pr.</i>	A. U. Thomas, <i>Cas.</i>
" .. Palestine.....	First National Bank.....	Merchants National Bank.
	\$50,000 Geo. A. Wright, <i>Pr.</i>	Lucius Gooch, <i>Cas.</i>
WAS. T. Farmington....	Bank of Farmington.....	Importers & Traders Nat'l Bank.
	\$50,000 Alfred Coolidge, <i>Pr.</i>	J. J. Humphrey, <i>Cas.</i>
W. VA.. Wheeling.....	Dollar Savings Bank....	United States National Bank.
	\$50,000 Nathan B. Scott, <i>Pr.</i>	Peyton B. Dobbins, <i>Cas.</i>
WIS.... Collins.....	L. W. Heindel.....	.....
" .. Fond du Lac....	Fond du Lac Nat'l Bank.	.....
	\$100,000 Chas. A. Galloway, <i>Pr.</i>	G. A. Knapp, <i>Cas.</i>
" .. Mauston.....	Juneau County Bank....	Ninth National Bank.
	\$25,000 P. R. Briggs, <i>Pr.</i>	Geo. H. Winchell, <i>Cas.</i>
" .. Reedsburg.....	Citizens' Bank.....	National Bank of Republic.
	\$50,000 Chas. Keith, <i>Pr.</i>	W. F. Winchester, <i>Cas.</i>
" .. Washburn.....	Bank of Washburn.....	National Park Bank.
	\$15,000 (A. C. Probert)	

CHANGE OF LOCATION.

Chase National Bank will remove from 104 Broadway to 15 Nassau Street.

Gallatin National Bank will remove from the Mills Building to 36 Wall Street.

St. Nicholas Bank will remove from Wall and New Streets to the Equitable Building.

OFFICIAL BULLETIN OF NEW NATIONAL BANKS.

(Continued from April No., page 795.)

<i>No.</i>	<i>Name and Place.</i>	<i>President.</i>	<i>Cashier.</i>	<i>Capital.</i>
3658	First National Bank..... Caldwell, KAN.	S. P. G. Lewis,	T. E. Neal,	\$50,000
3659	First National Bank..... Red Lake Falls, MINN.	Chas. E Sweet,	James I. Wyer,	50,000
3660	First National Bank..... South Pittsburg, TENN.	W. M. Duncan,	L. R. Eastman,	50,000
3661	First National Bank..... Glenwood Springs, COL.	J. J. Hagerman,	J. H. Fesler,	100,000
3662	First National Bank..... Helena, ARK.	Frank B. Sliger,	L. Lucy,	50,000
3663	First National Bank..... Gadsden, ALA.	A. L. Glenn,	W. G Brockway,	50,000
3664	Fourth National Bank..... Dallas, TEXAS.	W. L. Griggs,	Samuel B. Hopkins,	200,000
3665	Pendleton National Bank..... Pendleton, ORE.	James Steel,	Geo. V. Hamilton	50,000
3666	Charter National Bank..... Media, PENN.	Geo. Drayton,	Theo. P. Saulnier,	100,000
3667	First National Bank..... Greensburg, KAN.	Thos. J. Ross,	Geo. S. Murphy	50,000
3668	Mechanics' National Bank..... New Britain, CONN.	Valentine B. Chamberlain,	Wm. E. Attwood	100,000
3669	First National Bank..... Lisbon, DAK.	Rush S. Adams,	H. Kirk Adams,	50,000
3670	Merchants' National Bank..... Rome, GA.	R. G. Clark,	J. King,	100,000
3671	New Iberia National Bank..... New Iberia, LA.	Joseph A. Breaux,	P. L. Renoudet,	50,000
3672	Carthage National Bank..... Carthage, N. Y.	G. B. Johnson,	Mark S. Wilder,	50,000
3673	First National Bank..... Mayville, DAK.	G. S. Albee,	J. Rosholt,	50,000
3674	First National Bank..... Rulo, NEB.	S. B. Miles,	F. O. Edgecombe	50,000
3675	First National Bank..... Parker, DAK.	L. K. Lord,	Geo. W. Stone,	50,000
3676	First National Bank..... Arlington, ORE.	David P. Thompson,	Jesse E. Frick,	50,000
3677	United States National Bank.... Chicago, ILL.	Zimri Dwiggins,	James M. Starbuck,	200,000
3678	Merchants' National Bank..... Tuscaloosa, ALA.	Geo. A. Searcy,	E. N. C. Snow,	100,000
3679	Birmingham National Bank.... Birmingham, ALA.	John W. Read,	H. C. Ansley,	250,000
3680	Third National Bank..... Jersey City, N. J.	John D. Carscallen,	Wm. M. Laws,	200,000
3681	First National Bank..... Edmeston, N. Y.	Caleb Clark,	T. Bootman,	50,000
3682	First National Bank..... Statesville, N. C.	Geo. F. Shepherd,	G. H. Brown,	50,000
3683	Fourth National Bank..... Wichita, KAN.	W K. Carlisle,	J. H. Slater.	200,000
3684	Market Street National Bank.... Philadelphia, PENN.	Chas. H. Banes,	Benj. F. Dennisson,	600,000
3685	Fond du Lac National Bank Fond du Lac, WIS.	Chas. A. Galloway,	G. A. Knapp,	100,000
3686	First National Bank..... Chillicothe, MO.	Jas. M. Davis,	.....	50,000
3687	First National Bank..... Norton, KAN.	Aaron S. Raymond,	E. V. Peterson,	500,00
3688	First National Bank..... Starkville, MISS.	H. C. Powers,	E. L. Tarry,	50,000
3689	Commercial National Bank..... St. Paul, MINN.	Albert Scheffer,	H. Scheffer,	500,000

No.	Name and Place.	President.	Cashier.	Capital.
3690	Kineo National Bank..... Dover, ME.	E. A. Thompson,	C. B. Kittredge,	50,000
3691	Chattanooga National Bank.... Chattanooga, TENN.	Chas. A. Lyerly,	J. S. O'Neale,	300,000
3692	Ouachita National Bank..... Monroe, LA.	D. A. Beard, Jr.,	T. F. Millsaps,	50,000

CHANGES, DISSOLUTIONS, ETC.

(Monthly List, continued from April No., page 794.)

N. Y. CITY.....	Hewson & White will become Hewson, Kilbreth & Co. on May 1.
ALA.... Gadsden.....	Bank of Gadsden (Glenn, Brockway & Co.); now First National Bank.
ARK.... Helena.....	Phillips County Bank; succeeded by First National Bank; same officers.
" .. Van Buren.....	Crawford County Bank, now chartered.
CAL.... San Francisco.	Sather & Co.; now Sather Banking Co.
CONN... Winsted.....	Winsted National Bank has gone into voluntary liquidation.
DAK.... Armour.....	Citizens' Bank; now Citizens' State Bank; same officers.
" .. Lisbon.....	Ransom County Bank; now First Nat'l Bank; same officers.
" .. Mayville.....	Bank of Mayville; succeeded by First National Bank.
" .. Parker.....	Geo. W. Stone & Co.; now First National Bank.
" .. Salem.....	Citizens' Bank (J. C. Headlee); now W. M. Shephard, prop.
" .. Steele.....	Kidder County Bank has gone out of business.
" .. Vermillion.....	Clay County Bank (Downing & Lumley); now incorporated, with new officers.
GA..... Baxter Springs.	Baxter Bank (Crowell & Clark); now H. R. Crowell, prop.
ILL.... Chicago.....	J. W. Watkins & Co. have retired.
" .. Chicago.....	United States Bank; now United States National Bank.
IOWA... New Sharon....	Johnson Bros.; succeeded by Kramer & Hammond.
KAN.... Bennington.....	Bank of Bennington; now Bennington Banking Co.
" .. Caldwell.....	Caldwell Savings Bank; succeeded by First National Bank; same officers.
" .. Greensburg....	Merchants & Farmers' Bank; now First National Bank.
" .. Hutchinson....	Bank of Hutchinson, W. F. & J. M. Mulkey, proprietors.
" .. Leavenworth...	Metropolitan National Bank has gone into voluntary liquidation, and succeeded by Citizens' Sav. B'k, same officers.
" .. Oswego.....	Marley & Marley; now First State B'k; same correspondents.
" .. Quenemo.....	Quenemo B'k (Goodin & Stine); now C. W. Goodin, prop.
" .. Randolph.....	Bank of Randolph (F. W. Peterson); now John A. Johnson, proprietor.
MICH... Alma.....	Gratiot Co. Savings Bank (Pollasky, Waldby & Co.); succeeded by H. B. Waldby & Co.
" .. Bad Axe.....	Walker & Seeley; now Post & Seeley.
" .. Dowagiac.....	Dowagiac City Bank; succeeded by City Bank.
MINN... Red Lake Falls.	Sweet, Wyer & Atwood; now First National Bank.
MISS... Aberdeen.....	Jenkins Bros.; now First National Bank.
" .. Macon.....	W. F. Redwood; succeeded by A. T. Dent.
" .. Natchez.....	Bank of Natchez; now First National Bank.
" .. Starkville.....	Starkville Bank; now First National Bank.
MO..... Lebanon.....	Laclede Co. B'k; succeeded by Bank of Lebanon; chartered.
" .. Lockwood.....	Pyle, Harris & Co.; succeeded by Lack, Burns & Co.
NEB.... Cambridge.....	Bank of Cambridge (Brown, Hayden & Brown); now State Bank of Cambridge; incorporated.
" .. Creighton.....	Bank of Creighton; Robert M. Peyton, now proprietor.
" .. Sutton.....	J. B. Dinsmore & Co.; now Sutton National Bank.
" .. Wakefield.....	Farm. & Traders' B'k (Shaw & Edgerton); now incorporated.
N. Y.... Belmont.....	M. E. Davis; now Belmont Banking Co.
" .. Buffalo.....	White's Bank of Buffalo; now American Exchange Bank.
" .. Canandaigua...	Ontario Co. Nat'l Bank has gone into voluntary liquidation.
N. C.... Mount Airy.....	Planters' Bank of Mount Airy; now Exchange Bank.
TEXAS... Dallas.....	Oliver & Griggs; succeeded by Fourth National Bank.
" .. Honey Grove..	W. D. Wilkins & Co.; now Exch. Bank (Wilkins & Baker).
Wis.... Kaukauna.....	Manufacturers' B'k (Henry A. Frambach); now First Nat. B.

CHANGES OF PRESIDENT AND CASHIER.

(Monthly List, continued from April No., page 790.)

	Bank and Place.	Elected.	In place of
N. Y. CITY..	Columbia Bank	D. H. Rowland, <i>Cas.</i>	H. J. Hubbard.
"	Third National Bank.....	H. Chapin, Jr., <i>A. C.</i>	F. Blankinhorn.*
ALA....	First National Bank, Anniston.	A. D. Smith, <i>Ass't Cas.</i> ...	O. H. Parker.
"	First Nat'l B'k, Birmingham...	Thos. M. Bradley, <i>ad A. C.</i>	
"	Tallapoosa Co. B'k, Dadeville.	Z. Jones Wright, Jr. <i>Cas.</i>	
"	First National Bank, Gadsden.	R. O. Randall, <i>V. P.</i>	
ARK....	First National Bank, Helena...	Walter Lucy, <i>Ass't Cas.</i>	
"	Crawford County Bank,	Jesse Turner, <i>Pr.</i>	
"	Van Buren.	Robt. S. Hynes, <i>Cas.</i>	S. A. Pernot.
CAL....	First Nat'l Bank, Grass Valley.	C. E. Clinch, <i>V. Pr.</i>	
"	First Nat'l Bank, Los Angeles.	J. F. Crank, <i>V. Pr.</i>	
"	B'k of St. Helena, St. Helena..	H. J. Lewelling, <i>Pr.</i>	Seneca Ewer.
COL....	First Nat'l B'k, Idaho Springs.	F. F. Osbiston, <i>V. P.</i>	Dennis Faivre.
CONN...	Ætna National Bank,	A. R. Hillyer, <i>Pr.</i>	Wm. R. Cone.
"	Hartford.	A. G. Loomis, <i>Cas.</i>	A. R. Hillyer.
"	First National Bank,	Henry W. Buel, <i>Pr.</i>	Henry R. Coit.*
"	Litchfield.	Chas. B. Andrews, <i>V. P.</i>	H. W. Buel.
"	Central Nat'l B'k, Middletown.	A. C. Markham, <i>Pr.</i>	Jesse G. Baldwin.*
DAK....	Dell Rapids Bank,	G. H. Johnson, <i>Pr.</i>	C. E. McKinney
"	Dell Rapids.	G. E. Bowerman, <i>Cas.</i>	G. H. Johnson.
"	First National Bank, Clark...	Frank Clendenin, <i>V. P.</i>	
"	Dak. Invest. Co., Grand Forks.	J. C. Moore, <i>Pr.</i>	
"	Lead City Bank, Lead City....	D. A. McPherson, <i>Pr.</i>	P. E. Sparks.
"	First National Bank, Lisbon...	B. M. Frees, <i>V. P.</i>	
"	Security Bank, Mitchell.....	J. H. Green, <i>Cas.</i>	John F. Kimball.
"	First National Bank,	J. M. Bailey, Jr., <i>V. Pr.</i>	
"	Parker.	F. L. Clisby, <i>Ass't Cas.</i>	
"	Minnehaha National Bank,	C. E. Johnson, <i>Cas.</i>	G. E. Lathrop.
"	Sioux Falls.	W. H. Sherman, <i>Ass't C</i>	W. B. Fuller.
"	Clay County Bank,	L. T. Swezey, <i>Pr.</i>	
"	Vermillion.	C. H. Barrett, <i>Cas.</i>	
DEL....	Secutity Trust & Safe Dep.	Benjamin Nields, <i>Pr.</i>	Samuel McClary Jr.
"	Co., Wilmington.	H. C. Robinson, <i>V. Pr.</i>	Benjamin Nields.
D. C....	Nat'l Metrop. B'k, Washington.	Wm. Thompson, <i>V. Pr.</i>	
GA....	Merchants National B'k, Rome.	J. A. Glover, <i>V. Pr.</i>	
IDAHO..	First National Bank, Ketchum.	Geo. J. Lewis, <i>Ass't Cas.</i> ...	Thos. Lavell.
ILL....	Continental Nat'l B'k, Chicago.	John C. Black, <i>V. Pr.</i>	
"	Home Nat'l Bank, Chicago....	J. C. McMullin, <i>V. Pr.</i>	C. N. Holden.
"	Lincoln Nat'l Bank, Chicago..	Edw. Hammett, <i>V. P.</i>	
"	United States National Bank,	Joseph R. Jackson, <i>V. Pr.</i>	
"	Chicago.	Elmer Dwiggin, <i>Ass't C.</i>	
"	John Weedman N. B. Farmer C.	A. T. Kincaid, <i>V. Pr.</i>	V. S. Lindsey.
"	Montg. Co. L. & T. Co., Hillsboro	J. B. Barringer, <i>Cas.</i>	Eli Miller.
"	First Nat'l Bank, Lexington....	W. H. Claggett, <i>Ass't C.</i>	
"	Commercial National Bank,	G. T. Barker, <i>Pr.</i>	Eliot Callender.
"	Peoria.	Eliot Callender, <i>V. P.</i>	G. T. Barker.
"	Commercial National Bank,	E. W. Felton, <i>Pr.</i>	D. U. Cobb.*
"	Wilmington.	H. N. Roberts, <i>V. P.</i>	
IND....	Franklin Nat'l Bank, Franklin.	John W. Ragsdale, <i>V. Pr.</i>	T. B. Wood.
IOWA...	Union National Bank, Ames...	D. A. Bigelow, <i>V. Pr.</i>	Geo. F. Tilden.
"	Iowa L. & Tr. Co., Des Moines.	John M. Owens, <i>Pr.</i>	Corydon E. Fuller
"	First National Bank,	J. Perrin, <i>Pr.</i>	A. Slimmer.
"	Greene.	Andrew Glodery, <i>V. Pr.</i>	J. Perrin.
"	Commercial State B., Sioux Cy.	Louis H. Brown, <i>Cas.</i>	Chas. F. Luce.
"	Cedar Rapids N. B., Cedar Rap.	G. F. Van Vechten, <i>V. P.</i>	
"	Charles City N. B., Charles Cy.	F. V. Taylor, <i>Ass't C.</i>	
"	Clarinda Nat'l Bank, Clarinda.	W. D. Merriam, <i>V. Pr.</i>	N. L. Van Sandt.
"	First Nat'l Bank, Mason City...	C. H. McNider, <i>Cas.</i>	J. V. W. Montague.
"	First National Bank, Tipton...	C. W. Hawley, <i>Cas.</i>	Clarence Jewett.

* Deceased.

	<i>Bank and Place</i>	<i>Elected.</i>	<i>In place of</i>
KAN....	Harper Co. Nat'l B'k, Anthony	L. C. Bidwell, <i>Pr.</i>	P. Anderson.
"	.. Baldwin City B'k, Baldwin City	J. F. Preshaw, <i>Cas.</i>	G. G. Wharton.
"	.. Drovers & Farmers' Bank, } Baxter Springs. }	C. G. Hornor, <i>V. Pr.</i>	C. G. Hornor.
"	.. Burlingame Sav. B., Burlingame	L. R. Adams, <i>Pr.</i>	Levi Empie.*
"	.. Traders' State B'k, Burlingame	Wm. P. Deming, <i>Pr.</i>	L. E. Finch.
"	.. First National Bank, } Cawker City. }	E. E. Parker, <i>Pr.</i>	Henry P. Churchill
"	.. First National Bank, Colby....	Henry P. Churchill, <i>V. P.</i>	H. P. Stimson.
"	.. First National Bank, } Frankfort. }	O. F. Page, <i>Cas.</i>	E. E. Parker.
"	.. First National Bank, Girard....	C. H. Martin, <i>Pr.</i>	R. S. Newell.
"	.. Citizens' Bank, Haven.....	T. F. Rhodes, <i>Pr.</i>	J. P. Pomeroy.
"	.. First National Bank, Howard....	James S. Warden, <i>Cas.</i> ...	J. T. Phinney.
"	.. First Nat'l Bank, Jewell City..	D. Corning, <i>V. Pr.</i>	H. P. Grund.
"	.. First National Bank, } Kingman. }	C. E. Bush, <i>Pr.</i>	T. R. Hazard.
"	.. Pawnee County Bank, Larned..	W. H. Gibson, <i>V. Pr.</i>	D. L. Campbell.
"	.. Lyndon Savings Bank, } Lyndon. }	Fred. Berler, <i>V. Pr.</i>.....	.....
"	.. Miltonvale State Bank, } Miltonvale. }	D. B. Cook, <i>Pr.</i>	Robt. W. Hodgson.
"	.. State Bank, of Ness City, } Ness City. }	W. E. Maynard, <i>Cas.</i>	David B. Cook.
"	.. Bank of Oberlin, } Oberlin. }	M. W. Chamness, <i>A. C.</i>....	.....
"	.. First National Bank, } Oswego. }	H. Mathies, <i>Pr.</i>	Chas. K. Munger.
"	.. First National Bank, Pratt.....	J. M. Hodgen, <i>Pr.</i>	W. S. Olcott.
"	.. Bank of Randolph, Randolph..	W. S. Olcott, <i>Cas.</i>	J. M. Hodgen.
"	.. First National Bank, Seneca....	C. E. Bush, <i>V. P.</i>.....	.....
"	.. Wetmore State Bank, Wetmore..	Edward Weck, <i>Cas.</i>.....	.....
"	.. Kansas Nat'l Bank, Wichita....	Ross Calhoun, <i>Pr.</i>	B. F. Herman.
"	.. Carrollton Nat. B'k, Carrollton	J. Nicholson, <i>V. Pr.</i>	O. H. Laraway.
"	.. Farmers' Nat'l B'k, Cynthia..	Roy. A. Thompson, <i>A. C.</i>....	.....
"	.. National Bank of Hustonville..	S. A. Walker, <i>Pr.</i>	A. N. Schuster.
"	.. Exchange Bank, Jamestown....	Wm. Browne, <i>Cas.</i>	F. Browne.
"	.. No. Middletown Dep. B., N. M.	F. W. Keller, <i>Cas.</i>	H. C. Cook.
"	.. B'k of Osage Mission, Osage M.	H. D. Sykes, <i>Ass't C.</i>	F. C. Wheeler.
"	.. New Iberia Nat. B., New Iberia.	C. S. Calhoun, <i>V. Pr.</i>....	.....
"	.. Limerick Sav. Bank, Limerick..	V. E. Johnson, <i>Cas.</i>.....	.....
"	.. Abington Nat'l B'k, Abington..	Leopold Cohen, <i>V. Pr.</i>	Geo. W. Williams.
"	.. Farmers' Nat'l B'k, Cynthia..	H. C. De Forest, <i>Pr.</i>	Willis Brown.
"	.. National Bank of Hustonville..	C. E. Frank, <i>Cas.</i>	T. W. Johnston.
"	.. Exchange Bank, Jamestown....	O. W. Geier, <i>V. Pr.</i>	John Howe.
"	.. No. Middletown Dep. B., N. M.	John G. Montague, <i>Cas.</i> ...	Paul King.
"	.. B'k of Osage Mission, Osage M.	J. P. Riffe, <i>V. Pr.</i>	T. J. Robinson.
"	.. New Iberia Nat. B., New Iberia.	F. Everest, <i>Pr.</i>	W. W. Hetherington
"	.. Limerick Sav. Bank, Limerick..	Wm. Collins, <i>Pr.</i>	T. J. Evans.
"	.. Abington Nat'l B'k, Abington..	G. E. May, <i>Cas.</i>	Geo. W. Gittings.
"	.. Central Nat'l Bank, Boston....	Felix Patout, <i>V. Pr.</i>.....	.....
"	.. National Bank, Boston.....	Asa Perkins, <i>Treas.</i>	Joshua C. Lane.
"	.. Chicopee Falls Sav. Bank, Chic.	M. N. Arnold, <i>V. Pr.</i>.....	.....
"	.. Detroit Nat'l Bank, Detroit....	Chas. H. Allen, <i>Pr.</i>	M. W. Richardson.
"	.. Ishpeming Nat'l B., Ishpeming.	Wm. A. French, <i>Pr.</i>	Abm. O. Bigelow.
"	.. First National Bank, Anoka....	Geo. S. Taylor, <i>Pr.</i>	Thos. B. Wattles.
"	.. Merchants' National Bank, } Crookston. }	Wm. C. Colburn, <i>V. P.</i>	C. H. Buhl.
"	.. The Merchants' B'k, Lake City.	E. R. Hall, <i>Ass't Cas.</i>....	.....
"	.. First National Bank, } Red Lake Falls. }	A. C. Frauman, <i>V. Pr.</i>	R. M. Taylor.
"	.. Bank of Minnesota, } St. Paul. }	John McLean, <i>V. Pr.</i>	B. Sampson.
"	.. First National Bank, } Aberdeen. }	A. P. Hanson, <i>Cas.</i>	W. M. Ross.
"	.. First National Bank, Starkville.	G. H. Grannis, <i>Pr.</i>	Wm. F. Holmes.
"	.. First Nat'l Bank, Vicksburg....	Joseph Smith, <i>V. Pr.</i>....	.....
"	.. People's Savings Bank, } Chillicothe. }	James I. Wyer, Jr., <i>A. C.</i>....	.....
"	.. Frazer & McDonald B., Forest C.	Wm. Dawson, Jr., <i>Cas.</i> ...	Albert Scheffer.
"	.. Dade County Bank, } Greenfield. }	Leander Bosch, <i>Ass't Cas.</i>	Hermann Scheffer.
"	.. Allen Banking Co., } Harrisonville. }	Joel M. Acker, <i>V. P.</i>.....	.....
"	.. First National Bank, } St. Paul. }	John C. Wicks, <i>Ass't Cas.</i>	.....
"	.. First National Bank, } Starkville. }	L. D. McDowell, <i>V. Pr.</i>....	.....
"	.. First Nat'l Bank, } Vicksburg. }	James M. Phillips, <i>A. C.</i>....	.....
"	.. People's Savings Bank, } Chillicothe. }	R. Hawkins, <i>Cas.</i>	Wm. B. Leach.
"	.. Frazer & McDonald B., } Forest C. }	Geo. Milbank, Jr., <i>A. C.</i>	R. Hawkins.
"	.. Dade County Bank, } Greenfield. }	J. M. Ford, <i>Pr.</i>	B. B. Frazer.
"	.. Allen Banking Co., } Harrisonville. }	Geo. W. Gilmore, <i>Pr.</i>	J. M. Tarrant.
"	.. First National Bank, } Starkville. }	John H. Howard, <i>V. Pr.</i>	Geo. W. Gilmore.
"	.. First Nat'l Bank, } Vicksburg. }	D. K. Hall, <i>Pr.</i>	A. C. Briant.
"	.. People's Savings Bank, } Chillicothe. }	B. Doveton, <i>Cas.</i>	W. C. Lynde.

* Deceased

	<i>* Bank and Place.</i>	<i>Elected.</i>	<i>In place of</i>
MO....	Kirkville Sav. B'k, Kirkville..	Samuel Reed, <i>Pr</i>	T. C. Campbell.
"	Exchange Bank, Platt City....	S. C. Woodson, <i>Pr</i>	W. C. Wells.
"	Citizens Bank, Rockport. }	James M. Scamman, <i>Pr</i>.....	.....
"	Fifth Nat'l Bank, St. Louis. }	D. A. Colvin, <i>Cas</i>.....	.....
"	Marshall National Bank, Unionville. }	James Green, 2d <i>V. Pr</i> ..	Louis Espenschied.
"	Marshall National Bank, Unionville. }	N. B. Marshall, <i>Cas</i> ..	F. E. Marshall.
MONT..	First National Bank, Helena..	W. A. Shelton, Jr., <i>A. C.</i>	.....
NEB....	National Bank of Ashland....	A. J. Davis, <i>V. Pr</i>.....	.....
"	State Bank of Cambridge, Cambridge. }	S. S. Fales, <i>V. Pr</i>.....	.....
"	First National Bank, Exeter... }	E. E. Brown, <i>Pr</i>.....	.....
"	First National Bank, Fairbury. }	C. M. Brown, <i>Cas</i>.....	.....
"	City National Bank, Hastings.. }	P. J. Faling, <i>V. Pr</i>	T. H. L. Lee.
"	First National Bank, Ogalalla. }	Daniel B. Cropsey, <i>Pr</i> ..	John A. Buckstaff.
"	First National Bank, Seward. }	E. E. McDowell, <i>Cas</i> ..	Daniel B. Cropsey.
"	Sutton National Bank, Sutton.. }	C. F. Parmele, <i>Cas</i>	W. G. Clark.
"	First National Bank, Ogalalla. }	A. P. Anderson, <i>V. Pr</i>..	.....
"	First National Bank, Seward. }	J. A. O'Brien, <i>Ass't Cas</i>..	.....
"	Sutton National Bank, Sutton.. }	Edmund McIntyre, <i>V. P.</i>	J. Zimmerer.
"	First National Bank, Sutton.. }	W. E. Langworthy, <i>Cas</i> ..	T. E. Sanders.
"	Farmers & Traders' Bank, Wakefield. }	Albert K. Marsh, <i>V. Pr</i>..	.....
"	Wakefield Bank, Wakefield... }	Isaac N. Clark, <i>V. Pr</i> ..	John E. Bagley.
"	First National Bank, Weeping Water. }	W. P. Manley, <i>Pr</i>.....	.....
"	Beaver Valley B'k, Wilsonville. }	F. B. Moore, <i>Cas</i>.....	.....
N. J....	First Nat'l Bank, Woodbury... }	Levi Kimball, <i>Cas</i>	F. B. Moore.
N. Y....	Amer. Exchange Bank, Buffalo. }	B. A. Gibson, <i>Pr</i>	C. N. Baird.
"	Carthage Nat'l Bank, Carthage. }	S. B. McEwen, <i>V. Pr</i> ..	B. A. Gibson.
"	First National Bank, Carthage. }	C. N. Baird, <i>Cas</i>	John Henderson.
"	Second Nat'l Bank, Cortland.. }	W. P. Pierce, <i>Cas</i>	Hercules Rice.
"	Fort Plain National Bank, Fort Plain. }	G. G. Green, <i>Pr</i>	Amos J. Peaslee.
"	Phoenix Bank, Phoenix. }	John L. Williams, <i>Pr</i> ..	Jas. D. Warren.
"	German-Amer. B'k, Rochester. }	O. Holcomb, <i>V. P.</i>	.....
"	Walden National Bank, Walden. }	E. H. Myers, <i>Pr</i>	Gilbert B. Johnson.
N. C....	Bank of Hickory, Hickory.....	A. G. Peck, <i>Cas</i>	E. H. Myers.
"	Exchange Bank, Mount Airy... }	E. D. Barker, <i>Cas</i>.....	.....
"	Citizens' Bank, Reedsville. }	Andrew Dunn, <i>V. Pr</i> ..	J. B. Haslett.
OHIO...	City National Bank, Akron....	F. S. Haslett, <i>A. Cas</i>....	.....
"	Monnett & Co., Bucyrus.....	Amos Dean, <i>Pr</i>	E. G. Hutchinson.
"	Central Nat'l Bank, Cambridge. }	A. W. Hawks, <i>Ass't C.</i>	.....
"	Farmers' Nat'l Bank, Canfield. }	W. N. Smith, <i>Ass't C.</i>	E. B. Burgess.
"	Atlas Nat'l Bank, Cincinnati. }	Geo. W. Stoddart, <i>Pr</i> ..	John C. Scofield.
"	Market Nat'l Bank, Cincinnati. }	Thos. W. Bradley, <i>V. P.</i>	J. M. Wilkin.
"	Farmers' National Bank, Findlay. }	W. C. Stevens, <i>Cas</i>	W. G. Rutherford.
"	First National Bank, Flushing. }	M. Mershon, <i>Pr</i>	Henry Mershon.*
"	First National Bank, Fostoria.. }	H. C. Brown, <i>Cas</i>	Geo. D. Hensley.
"	Ripley National Bank, Ripley.. }	R. L. Watt, <i>Cas</i>	J. M. Cox.
"	Nat'l Exch. Bank, Steubenville. }	J. M. Cox, <i>Ass't C.</i>	R. L. Watt.
OREGON	La Grande Nat'l B'k, La Grande. }	A. Wagoner, <i>Cas</i>	F. W. Butler.
PENN...	Pendleton Nat'l B'k, Pendleton. }	Geo. Donnenwirth, <i>Pr</i> ..	E. B. Monnett.
"	German National Bank, Allegheny. }	Jno. C. Beckett, <i>Cas</i> ..	W. E. Bowden.
"	Butler Savings Bank, Butler... }	S. W. Brainard, <i>Ass't C.</i>	.....
"	First National Bank, Du Bois. }	Julius Engelke, <i>V. Pr</i>..	.....
"	Perkiomen National Bank, East Greenville. }	Frank A. Grener, <i>V. Pr</i>..	.....
"	Butler Savings Bank, Butler... }	Milton Gray, <i>Pr</i>	Peter Hosler.
"	First National Bank, Du Bois. }	John A. Scott, <i>V. Pr</i> ..	Milton Gray.
"	Perkiomen National Bank, East Greenville. }	Chas. Williams, <i>Ass't C.</i>	W. F. Hosler.
"	Butler Savings Bank, Butler... }	Wm. H. Watson, <i>V. Pr</i>..	.....
"	First National Bank, Du Bois. }	Wm. Ash, <i>V. Pr</i>	L. B. Harris.
"	Perkiomen National Bank, East Greenville. }	G. Brust, <i>Act'g V. Pr</i> ..	G. Bambach, Jr.
"	Butler Savings Bank, Butler... }	W. R. Peters, <i>V. Pr</i>..	.....
"	First National Bank, Du Bois. }	M. Baker, <i>V. Pr</i>.....	.....
"	Perkiomen National Bank, East Greenville. }	Lehman Blum, <i>V. Pr</i>..	.....
"	Butler Savings Bank, Butler... }	L. Walter, Sr., <i>Pr</i>	Adam Wiese.*
"	First National Bank, Du Bois. }	Fred. H. Eggers, <i>V. Pr</i> ..	L. Walter, Sr.,
"	Perkiomen National Bank, East Greenville. }	Wm. Campbell, <i>Pr</i>	J. W. Irwin.
"	Butler Savings Bank, Butler... }	J. E. Long, <i>Pr</i>	F. K. Arnold.
"	First National Bank, Du Bois. }	M. J. McCreight, <i>Ass't C.</i>	L. A. Brady.
"	Perkiomen National Bank, East Greenville. }	John N. Jacobs, <i>Pr</i>	D. G. Clemmer.
"	Butler Savings Bank, Butler... }	F. L. Fluck, <i>Cas</i>	John N. Jacobs.

* Deceased.

	<i>Bank and Place.</i>	<i>Elected.</i>	<i>In place of</i>
PENN.	First Nat'l Bank, Glen Rock.	W. C. Wambough, <i>A.C.</i>	.....
"	Farmers Bank, Harrisburg.	John Matter, <i>Pr.</i>	Daniel Eppley.
"	People's Nat'l Bank, Lancaster.	Robt A. Evans, <i>V. Pr.</i>	.....
"	Charter Nat'l Bank, Media.	Horace P. Green, <i>V. Pr.</i>	.....
"	Independence Nat'l B'k, Phila.	Jno. C. S. Davis, <i>V. Pr.</i>	Chas. Lennig.
"	Seventh National Bank, Phila.	John J. Zeigler, <i>V. Pr.</i>	Wm. Mathews.
"	Government National Bank, Pottsville.	Augustus L. Boehmer, <i>Pr.</i>	H. H. Huntzinger.*
"	Beaver Co. Bkg. & Safe Dep. Asso., Rochester.	W. H. Huntzinger, <i>V. Pr.</i>	.....
"		Geo. C. Speyerer, <i>Pr.</i>	L. H. Oatman.
R. I.	Nat'l B'k of Rhode I., Newport	Frederick Tompkins, <i>Pr.</i>	Wm. A. Clarke.*
"	Providence Nat'l B., Providence	R. I. Gammell, <i>V. Pr.</i>	.....
TENN.	First Nat'l B'k, So. Pittsburg	C. B. Duncan, <i>Ass't C.</i>	.....
TEXAS.	Alvarado Bank, Alvarado.	W. C. Glasgow, <i>Cas.</i>	J. R. Posey.
"	Nat'l B'k of Alvarado, Alvarado	M. Sansom, <i>V. Pr.</i>	.....
"	First Nat'l Bank, Colorado.	A. B. Robertson, <i>V. Pr.</i>	John Harris.
"	Corsicana Nat'l B'k, Corsicana.	E. W. Johnson, <i>V. Pr.</i>	.....
"	Fourth National Bank, Dallas.	T. J. Oliver, <i>V. Pr.</i>	.....
"		H. B. Strange, <i>Ass't C.</i>	.....
"	First National Bank, Denton.	S. R. Davis, <i>V. Pr.</i>	A. E. Graham.
"	Greenville Nat'l B'k, Greenville.	J. W. Rainey, <i>V. Pr.</i>	.....
UTAH.	Commercial National Bank, Ogden.	J. C. Armstrong, <i>Pr.</i>	H. C. Harkness.
"		Henry Conant, <i>V. Pr.</i>	J. C. Armstrong.
Vt.	Killington Nat'l B'k, Rutland.	E. P. Gilson, <i>Pr.</i>	Redfield Proctor.
"	Windsor Nat'l Bank, Windsor.	John S. Walker, <i>V. Pr.</i>	.....
VA.	Bank of Liberty, Liberty.	O. P. Bell, <i>Pr.</i>	J. R. Thurman.
"		J. R. Thurman, <i>V. Pr.</i>	.....
"	Liberty Savings Bank, Liberty.	M. P. Burks, <i>Pr.</i>	R. B. Claytor.
"	Henry Co. Bank, Martinsville.	H. C. Lester, <i>Pr.</i>	S. G. Whittle.
W. VA.	Bank of Union, Union.	James W. McNeer, <i>Cas.</i>	A. H. Johnston.
Wis.	Ashland National Bank, Ashland.	Thos. Bardon, <i>V. Pr.</i>	Edwin Ellis.
"		Carl E. Street, <i>Ass't C.</i>	.....
"	First National Bank, Kaukauna.	M. A. Hunt, <i>V. Pr.</i>	.....
"		H. Kuckensted, <i>Cas.</i>	J. S. Vilas.
"	Wis. Marine & Fire Ins. Co. B. Milwaukee.	John L. Mitchell, <i>Pr.</i>	Alexander Mitchell.
"		David Ferguson, <i>V. Pr.</i>	.....
"	First National Bank, Monroe.	John Johnson, <i>Cas.</i>	David Ferguson.
"		Henry Ludlow, <i>Cas.</i>	J. B. Galuska.
"		C. W. Twining, <i>Ass't C.</i>	Henry Ludlow.
"	Reedsburg Bank, Reedsburg.	W. B. Smith, <i>Cas.</i>	Geo. T. Moore.
Wyo.	Hugus & Chatterton, Fort Fred Steele.	F. Chatterton, <i>Mgr.</i>	.....
"		A. R. Couzens, <i>Cas.</i>	F. Chatterton.

* Deceased.

The reports of the New York Clearing-house returns compare as follows:

1887.	<i>Loans.</i>	<i>Specie.</i>	<i>Legal Tenders.</i>	<i>Deposits.</i>	<i>Circulation.</i>	<i>Surplus.</i>
April 2.	\$365,659,700	\$77,996,100	\$19,487,400	\$372,414,700	\$7,960,500	\$4,379,825
" 9.	370,917,500	79,408,800	18,989,500	377,130,900	8,309,200	4,115,575
" 16.	368,562,300	77,688,700	20,917,300	376,469,400	8,358,700	4,188,650
" 23.	362,712,200	77,670,100	21,786,000	371,181,200	8,388,700	6,660,800
" 30.	360,611,900	77,627,600	22,433,800	371,685,900	8,365,500	7,139,925

The Boston bank statement is as follows:

1887.	<i>Loans.</i>	<i>Specie.</i>	<i>Legal Tenders.</i>	<i>Deposits.</i>	<i>Circulation.</i>
April 2.	140,430,300	9,847,800	2,168,500	103,935,500	10,288,000
" 9.	138,367,600	9,544,200	2,255,700	107,282,500	9,993,100
" 16.	140,014,200	10,390,000	2,481,500	108,733,300	10,112,700
" 23.	140,763,600	10,458,200	2,519,500	107,644,800	10,082,900

The Clearing-house exhibit of the Philadelphia banks is as annexed:

1887.	<i>Loans.</i>	<i>Reserves.</i>	<i>Deposits.</i>	<i>Circulation.</i>
April 2.	\$87,260,200	\$22,306,800	\$83,798,513	\$3,479,750
" 9.	87,447,500	22,799,300	84,599,700	3,475,750
" 16.	87,736,100	24,005,000	87,630,900	3,473,250
" 23.	87,568,800	24,300,700	87,137,700	3,472,090
" 30.	87,583,600	24,740,300	87,354,600	3,458,750

NOTES ON THE MONEY MARKET.

A FINANCIAL AND COMMERCIAL REVIEW.

Commerce, like water, seeks the lowest channel for an outlet, and as the railway levels of the country have been raised above their parity with water routes by the operations of the Inter-State law, commerce is returning to these old waterways. Hence, with the opening of inland navigation from the West to the East, and from the North to the South, there has been witnessed such an activity in lake and river transportation interests as has not been seen for years. Not only is every old available craft being fitted up to reap a share of the golden harvest that is expected from the operations of this new and reactionary transportation policy, in a country that stood at the head of the development of new industries by means of the quickest and cheapest railway system in the world, but new vessels and boats and crafts of all kinds are being built to increase the capacity of these old and half forgotten byways of commerce, to meet the anticipated enormous increase in the demands to be made upon them. To illustrate this point, during the last half of April, dealers in New York, who had grain stored in canal boats, under the usual winter storage arrangements, and also in old boats that had been abandoned for canal service and employed for afloat harbor storage, have been compelled to put their grain in store or sell it, in order to let the canal fleet off for Albany, to await the earliest opening of the canals for lake ports, to bring back the grain that is now on the way from the West by lake to the seaboard, in immense fleets that left Chicago and Milwaukee even before the opening of the Straits of Mackinaw; so great was the pressure of grain at those points, awaiting the opening of navigation that the storage capacity of their elevators had been exhausted. At the seaboard, a similar state of affairs has existed for nearly a month, or since the operation of the new law began. Exporters of grain have been holding off for the opening of navigation, as have the Western shippers, except as they have been able to buy at St. Louis and ship *via* New Orleans, down the Mississippi River, over which route there is more grain being shipped than for years, for the European markets.

Hence, our export trade has been greatly curtailed the past month and much lighter than was expected, especially to the British markets which were on a parity with our Western markets on spring wheat, on the basis of lake freights, which are always met at this season by the railroads. But there was no spring wheat at the seaboard and English markets could neither pay the rail rates from Chicago nor the price of winter wheat at the Atlantic ports. As a result, we have exported very little wheat the past month, although exporters have bought all that was offered to arrive by lake and canal. The result of this general and radical revolution in the transportation business of the country, by which the progress of the last quarter of a century has been set aside and a return to the primitive methods of the ante-railroad era made possible, has been seen in every department of trade, upon the prices of most of the staples of commerce as well as in the speculative markets for produce and stocks, in our domestic and foreign exchanges, in the money markets and condition of the banks of the country, and especially upon the transportation interests themselves in decreased earnings, even at higher rates, as well as in tonnage.

This state of things was foreshadowed in our last, when we showed that the first half of the usual April transportation business had been done in March in order to take advantage of the lower cut rates before the Inter-State law went into effect, and caused the general advance that has since followed. We have now shown that the same thing has delayed the movement of merchandise for the last half of April, in order to secure the lower water rates on the opening of navigation. But there is this important difference to the railroads, which secured the benefit of the former, while they have lost that of the latter, as will appear only too plainly later, in their statements of earnings for April. The suspension of the operations of the law for ninety days, by the Commission, in the case of the Southern and Pacific roads, will probably save those roads from as great loss as the trunk lines and Eastern roads. Yet they cannot escape the general effect of this partial paralysis of the railway traffic of the country nor the diversion to the water routes, especially down the Mississippi; for the impetus given the latter, at the expense of the former, cannot be overcome by delay in enforcing the law, so long as this axe hangs suspended over the railways of the country, threatening at any moment to cut off their earnings and their stockholders from dividends. It is this uncertainty and apprehension that has nearly paralyzed the stock market during the month; and while it has not yet led to the selling out of holders of these stocks, because they regard the situation otherwise, as bullish, on the general improvement of business throughout the country, it has prevented public or foreign buying and left the market to the pools and cliques which are in the same state of suspense as investors and the speculative public, fearing to buy and not wanting to sell. Hence the stock market has been steadily narrowing down to the professionals of the stock exchange, who have sold on war prospects in Europe, over the Franco-German incident and covered, on "peace" and London buying back her stocks sold here on the war scare.

Barring the occasional stirring up of some pooled stocks by the insiders, there has been little of interest and less of profit in Wall street, which is fast relapsing into the comatose state, experienced from 1882 to 1885, during which speculation and speculators almost deserted stocks for more active and profitable operations in the produce markets. These are the more inviting now from the fact that the latter have been the last to feel the recovery from the late depression and have scarcely begun to advance, because of the lately prevalent bearish speculative sentiment in the staples of commerce, while railway shares were the first to advance on the West Shore settlement and before this recovery had begun. Hence, as we have often shown, stocks had discounted their full share of the present improvement in business in advance and could not legitimately go higher until the staples of commerce on the carriage of which the earning power, and hence the value of railroad stocks depends, had also advanced to a parity with the latter, before they could stand any higher rates of freight on which to increase their earnings. This point had by no means been reached, when the Inter-State law interfered, ostensibly in the interest of the producers of these staples of commerce, to compel the railroads to accept such rates as would leave the producer a larger share of profit and the railroads a smaller proportion.

The operation of the law so far has been to give both less and the water routes more, as even the railroads themselves are utilizing the water routes in

order to escape Inter-State interference and the long haul under the operations of the law, as nearly all the trunk lines have planned to do with the opening of lake navigation. What basis there is for an advance in values, therefore, is clearly not in favor of railway stocks, but rather in inland water route stocks which are expected to pay well the coming season. As to what the ultimate effect will be upon staples of commerce depends more upon the administration of the law by the Commission than upon the law itself, and it would seem that unless they suspend permanently the long haul clause, it will injure the Western producer, whom it was introduced to help, more than the railroads, against which it was originally aimed, since its operations will tend to make its authors the strongest advocates of its repeal at the next Congress if its provisions are enforced to the letter. This, however, is very doubtful. The money situation has materially improved the past month; rates are easier, supply more abundant and bank surplus increasing since the middle of the month, although the return flow from the country has been in smaller volume and later than usual, which is a good index of the extent of the improvement of business at the South and West, which is greater than at the East. The foreign exchange market has been dull, and although commercial bills have been scarce, owing to lighter exports, than for some time, the demand for bills has also been light on smaller imports and bankers' bills against moderate purchases of our stocks by Europe has supplied the demand.

As to the position of the produce markets, the general tendency for the month has been more bullish, as that in stocks has been more bearish, for the reasons above explained, which affect the two interests oppositely as a rule. There have been some exceptions, as in provisions, which had been previously advanced sharply by bull manipulation, from which there has been a sharp reaction and liquidation. But there is scarcely a staple that had not previously advanced from the bottom of the depression, that has not advanced during the past month, with the return of speculation to these markets from stocks, into which it went with the West Shore deal in 1885, and where it has since remained until within the past two months. No surer evidence of the fact that American speculators are natural bulls and will desert any bear market for a bull one, is wanted than this alternate swinging of the pendulum of speculation from a declining to an advancing market, as it has lately done from stocks to produce, especially wheat and coffee, and as it is doing in cotton. Since our last, these markets have been more generally active and strong than since the boom of 1881-82, in the face even, of the decreased exports, due to other causes than higher prices. With this return of confidence in the future of these staples has come this increased activity in these markets for options, as was the case for a short time in winter when the provision and wheat markets had their first boom. As producers, the American people are naturally bulls and will only speculate for an advance, as they believe in the future of the country and of prices. They will not sell short on a declining market, but cling to their holdings even until forced to drop them, in the belief that the break is only temporary. On the other hand, the people of Europe, being consumers of our products, are naturally bears, and are always looking for lower prices, ready to anticipate them whenever there is, and often when there is not a prospect of them, by selling the futures short. For four years they have made millions of money, which American bulls have paid to Europe, by keeping short of

American products in our markets. They have found a regular bonanza in this business; for in addition to making the decline from the top on the short crops of 1881, to the bottom on the bear raids of 1886-87, they have made the carrying charges of $1\frac{1}{2}$ to 2 cents per bushel per month on wheat, and in proportion on other products, without carrying the immense stocks which their light purchases for export left here to pile up in the visible supply. That decline was the most severe in wheat which lost nearly half of its value from one extreme to the other, or from over \$1.50 in 1882, to less than 80 cents in 1886-87. Emboldened by such profits and continued success as this, Europe, through its foreign correspondents here, had no confidence in a bull campaign in our markets, which had refused to advance and hold it, the past six months under the best and most legitimate export demand in years, based upon a short supply in Europe. They therefore reasoned that if they held off and refused to buy our products at the enhanced prices caused by this return of confidence, which they termed manipulation, these markets would soon break and they would be able to buy at old prices. Hence, the light export demand for this as well as other staples during April, in part, and in part due to the lack of supplies at the seaboard, owing to the operations of the Inter-State Commerce law, which caused more than the usual halt in April, preceding the opening of inland navigation. But John Bull, who is proverbial for refusing to buy when things are cheap and declining, waited too long, and seeing a bare interval of three months in his cupboard before another crop, was compelled to come in during the last ten days of April and take our wheat and flour without waiting for the clique in Chicago to go to pieces as he had so confidently expected. In the meantime, our own rear guard of American bears, who refused to see the changed condition which made what they also believed the "manipulation" of their markets so easy, found that they had waited too long to cover their shorts, and that the clique was not "going to pieces" in time to let them out of their immense amounts of May shorts, and in their scramble to get out they bid that option up four cents above June, which should have been two cents over May. This tempting offer was accepted by the clique to "let the shorts off easy" in May instead of "cornering" the market, and they sold them the May but bought the June option back from them until the difference between the two months had not only disappeared, but the relative premium of two cents over May had been restored on June. At this the bears recovered their confidence and sold the market down for June, saying, we told you the clique would go to pieces and run away from the cash wheat when the May deliveries came, instead of taking the twelve million bushels No. 2 in Chicago elevators and paying for it. But the clique stood in the Chicago wheat pit day after day and took all the June the bears had to sell as they had openly done when they had sold them their May. After about half the April advance had thus been lost on the June and five cents on May, the bears came to the conclusion that the clique had "not gone to pieces" so much as supposed, and that they, the bears, were by no means out of the woods, but instead had been drawn into a worse trap for June than they were in for May, after having paid from four to five cents a bushel to the clique to get out. Then it was that they stopped selling, but it was again too late. When they saw that the clique had purposely broken May to its proper discount, after settling with the shorts at an average of four and a-half cents

profit over June, in order to stop the heavy receipts of the last ten days of the month at Chicago, where all the Northwest was sending the balance of its surplus to get the May premium. Then the shorts tried to talk the market down and to make themselves believe "the clique were out" of the market, just as they did early in April. But the market is again advancing on the largest export demand during the last week of April, that has been experienced on this crop. Indeed, exporters are buying wheat at all the interior as well as seaboard markets, and all that is to arrive here for the month of May, to fill up the gap caused on the other side by their delay of April shipments.

Especially urgent is this demand, from the fact that English mills had quite generally been shut down during March and April because of the serious competition of American cheap flour, with which European, or rather English markets had been "glutted," as the cables and foreign market reports had been crying for a month. But after the English mills had been stopped long enough to let their stock work into consumption, they suddenly woke up to the fact that the immense stock of American flour in their markets was owned in America and although in their markets it was unavailable for eating purposes except at about twenty-five cents per sack advance. This put a new phase upon the prospects of John Bull's larder keeping as full as he thought, and as he cannot contemplate with complacency any degree of shortness in his rations, he at once cabled here to buy all the flour offering at the seaboard at our market prices, as well as a fresh supply of our wheat for prompt shipment, for the English millers were again in their market when they found the supply of wheat in Liverpool and London, chiefly California, was also owned in America by the Californian syndicate, and held at higher prices. This was the distressing dilemma in which Brother John found himself when he made up his mind that he would wait no longer for the American clique to break up. At the close of the month France also began to reach the same conclusion, and after waiting to supply her deficit until the expected break, she is now in our markets for the first time on this crop to supply her deficit to next crop of 15,000,000, and competing with England, who has one of 45,000,000, with only a small supply to come from Russia, with the Indian crop not available till June.

This explanation of the position of the wheat market in part explains the position of other export staples as affected by returning bull speculation, although the result is not so fully developed in others. Yet the real basis of the strength in cotton, as well as in coffee, came from the other side, which is also beginning to get bullish. Meantime the increasing consumption of the past year, coming with improved business, has worked off the large reserves from the excessive surplus of the past three years, and left the world's markets comparatively bare. This will apply to nearly every staple of agriculture, if not of manufacture, and shows the prevailing tendency in prices is upward after the past five years of depression, which have now over-reached their limit. This is especially true of coffee with a second shorter crop than last year in prospect, and accounts for the late rampant bull movement in that staple. It had already put hog products up sharply during the early months of this year, and although we have lately had a break of about one cent per pound from the too sudden and radical advance on speculative manipulation in February, the Government report

of the supply of hogs in this country shows a shortage equal to the present level of prices over the bottom of a year ago.

Sugar seems to be about the last staple to improve, owing to the unequal European competition of beet root, with the cane of the West Indies. The iron interests have not recovered to their full activity of a year ago, from the legislation of Congress last winter, in the shape of the Inter-State Commerce law, which is still paralyzing new railroad enterprises and delaying renewals of old lines.

The coal trade is in better shape than a year ago by reason of lighter stocks, owing to last winter's strike. But there was no marked change for April. The advance gained in ocean freights during the export activity in grain, provisions and cotton in the winter has been nearly lost during April, and the ocean transportation interests were groaning again as loudly as our inland marine is whistling, until the last week of the month.

The petroleum market has shown little of interest and not much change. Indeed, few but the trade take any notice of it. As a speculative market it has been killed by the Standard, for whose quotations it is a bulletin board, as the Pipe Lines are run in its interest, instead of the State that chartered them.

The dry goods trade, as in fact all branches of spring trade, is slow, owing to the late cold season. Although the distribution of goods from first hands has been fair, the sale from second hands has been less than expected, and causes some distrust of the general improvement in the times, especially in the large cities of the East. Accounts from the West, however, are gratifying, noting unusual activity in industrial circles and in real estate.

The prospects for the current month are, however, in favor of a much more general activity and for an improvement in prices as well as in the volume of trade, except in those branches whose dull season comes with warm weather, such as the coal trade and the railroads which compete with water routes, which look for a hard summer. The recent activity in the grain movement from the Northwest has been an exception to the railway inactivity which was due entirely to the position of the Chicago wheat market explained above, and in spite of the Inter-State law.

DEATHS.

BALDWIN.—On April 5, aged seventy-nine years, JESSE G. BALDWIN, President of Central National Bank, Middleton, Conn.

CLARK.—On April 29, aged sixty-five years, EGBERT A. CLARK, formerly President of Susquehanna Valley Bank, Binghamton, N. Y.

EMPIE.—On April 11, aged seventy-two years, LEVI EMPIE, President of Burlingame Savings Bank, Burlingame Kan.

MERSHON.—On April 6, aged fifty-five years, HENRY MERSHON, President of Bank of Hickory, Hickory, N. C.

METZGAR.—On April 1, aged seventy-seven years, MR. METZGAR, Vice-president of Dry Dock Savings Institution, N. Y. City, N. Y.

PRESCOTT.—On February 27, aged thirty-seven years, H. L. PRESCOTT, partner of the firm of PRESCOTT & BURNETT, proprietors of North Shore Bank, Devils Lake, Dak.

PRESTON.—On April 24, aged sixty-five years, DAVID PRESTON, President of Preston Bank of Detroit, Detroit, Mich.

WIESE.—On March 27, aged sixty years, ADAM WIESE, President of German National Bank, Allegheny, Pa.

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BUSINESS AND THE INTER-STATE COMMERCE ACT.

No doubt there were grievous difficulties in transporting merchandise before the enactment of the Inter-State Commerce law. One of the worst of these evils was the partiality or advantage shown large shippers over the smaller. There were other evils, also, of a serious character. The shippers at non-competing points were placed at a disadvantage with those living at points of competition, and so too shippers living at long distances obtained advantages of an artificial sort, which, joined to natural ones, gave them a superiority over other shippers living nearer to the points of consumption or of exportation. All of these evils, besides many others, were well-known and occasioned unending complaints. Nevertheless, great as they were, they had been modified by circumstance, by foresight, and by checks of various devising. The desire to continue business and the necessity of making a living, quickened the energies of the most severely pressed, until in one way or another they overcame to a great extent the evils from which they had suffered springing from an artificial source, or in other words, the conduct of the transportation companies.

The old system, therefore, was another illustration added to many previously known, in which even a bad system or a bad law may be checked by the wisdom or energy of those whom it was expected to injure, or to whom, unexpectedly, injury has come. Many of our tariff laws, for example, while helpful to various classes and interests, have been injurious to others, yet in due time the injured class have found a way of ameliorating their condition either wholly

or in part, so that the law in the end is less injurious than it was feared it would be in the beginning. This is the case with all legislation. The injured class seek to find ways of warding off the evil effects, and in a general way we may say that quite often they succeed in their endeavors. It is therefore a very serious question whether, in attempting to right the evils from which persons suffered under the old system, Congress has not created a fresh brood of a much more serious character than those which existed before.

The clearest good effect springing from the law is the manifest equality of all shippers, great and small, under the law. Before, as is well known, the largest shippers of sugar, wheat and other commodities were getting advantages so great as to imperil seriously the business of the smaller. Now the smaller shipper sees that, so far as the railroad is concerned, he has a fair living chance. His prospects, therefore, have enormously brightened under the law, and just so far as his advantage has improved, the advantage to the large shipper has declined, and, consequently, we find the latter clamoring against the new state of things. From the best information we can gather, we think that it may be fairly said the heaviest opposition from any one quarter comes from this class of large shippers to obtain advantages over the smaller. What may be the effect on the Standard Oil Company we do not quite understand, but if the law be honestly and efficiently enforced we do not see why the smaller shippers of oil will not in the future be as highly favored, or stand on the same plane as that huge monopoly. In this respect, therefore, the bill is wholly good, and all must rejoice that such an equality has been brought about by so simple an enactment.

The provision, however, relating to the long haul and the short haul is producing effects far-reaching and not well understood. It may be too early to predict what will be the effect of this provision on the interests of all who must depend upon the transporter for an outlet for his products. The theory of railroad tariff-making, previous to the enactment of the law, was to put all shippers on a given line in a certain business on an equality. For instance, if a company was organized for the purpose of manufacturing paper and was undecided in locating for the manufacture of the product, and the manager went to a railroad company for light on the subject, the outcome of the interview or negotiation would be that, whether he located at a competing point or non-competing point, whether he located in Philadelphia or a point fifty miles west of the city, the rates would be so made, that, as compared with others engaged in the business, he would be as well off, all things considered, in the one place as in the other. That, we say, was the theory under which railroads formerly did their business. They sought to treat all their shippers, in respect to

distance, in the same manner. If a farmer concluded to go to Dakota to buy his wheat farm instead of to Minnesota, the railroad made a rate for him whereby he was likely to fare as well as though he settled in a nearer State to the export market. This principle prevailed everywhere among the railroads, and in applying it, too, the railroads were thinking not only of the good of their patrons, but also of themselves. Every railroad seeks to encourage traffic, to have the lands settled along its borders, to have the villages and cities through which it passes multiply in numbers and importance. In short, the general prosperity of the people is coincident and bound up with their own. The land must be settled, mills must be started, mines must be opened up, and the whole country made to blossom and bring forth abundantly in order to earn dividends and thus insure a good return for the investment. Such a policy of settlement and general development meant fair rates all around, everything considered. If better rates were given to manufacturers and farmers in the East than in the West, then, of course, there would be no emigration westward. On the other hand, if the rates given to those in the West were too favorable, this meant abandonment of the villages, cities and plains in the East. From these hasty considerations, therefore, it will be clearly enough seen that there was only one possible policy for a railroad company which was coincident with that of its patrons, and that was, similar treatment, all things considered, to every one. Under the application of this rule there were, of course, many minor irregularities. The transportation companies prospered, and so did their shippers. The statistics of wealth prove this. Here and there a person was injured by some irregularity, but the great multitude were accommodated and fairly treated. Their business became adjusted to this principle of transportation. Paper and iron mills and all other kinds of factories were scattered all along the various lines in view of the application of this principle and with the expectation that it would be permanently maintained.

But the Inter-State Commerce law, in the twinkling of an eye, has changed this rule radically, and, it is feared, to the great injury of many persons. The equality existing before has been completely shattered. For the most part the shippers having the shortest hauls to make are to be great gainers, while those whose products must be hauled long distances are likely to suffer very seriously. It is possible that the water ways of transportation may relieve to a considerable extent the embarrassments of the long haul shippers, but if not, the outlook for them, unless that feature of the law be quite changed or set aside, will be dark indeed. Several very notable exceptions have been already made, and the commissioners who have been appointed to administer the law, and who are a highly intelligent body of men, may see fit practically to annul it

in order to prevent the injuries that would otherwise arise. Of course, those who are helped by the Inter-State Commerce act, are loud in its praises, and those who suffer are equally severe in their denunciations. Suffice it to say that the old rule has been completely broken and advantages are to be gained on the one hand and disadvantages on the other of which Congress had no thought, and the extent of which cannot yet be clearly seen. The one thing that is seen is, that these injuries and inequalities are of a far-reaching character. The Ohio wool grower, for example, says that the law is a good thing because under it he is well protected from competition by the California wool grower. It is a Chinese wall for all wool growers in the East as against the Western wool, but of course the California wool grower is injured to the extent that the Eastern wool grower is benefited, and for aught we know, the one class is just as deserving of consideration as the other.

It seems to us that the framers of this bill and its chief supporters had a kind of blind idea that in some how or in some way nobody was to be injured and a great many helped. Had the law been more carefully matured and its probable consequences more fully considered, and especially if the rules previously governing transportation had been better understood, we cannot believe that Congress would have launched such a radical measure on the country. It would have been far wiser to have begun with a law aimed at the inequalities existing between the big shippers and the little, and of extending by degrees the regulation of Congress until all the evils arising from the old system had been swept away. But the law is now in operation and is not likely to be repealed and we can only watch its effects as carefully as possible while business must adjust itself to the new conditions. This will be the work of much time and entail much suffering and loss. During the months intervening between this time and the next Congress the gravest evils will doubtless appear and the law will then undergo a modification, doubtless, for the better. So far as the railroads are concerned it would appear that they are honestly trying to enforce the law as best they can and in good faith. What the effects will be on their dividends is very problematical. Some of the officials are reported as saying that they are to be the gainers, but these are doubtful statements at the best. If a large portion of their traffic is diverted, this, of course, means positive loss to the companies. The five trunk lines between New York and Chicago pay their expenses and interest money mostly from their local business, while their dividends are earned on their through business. If the latter should now be seriously impaired, and from the readjustment of local business no larger aggregate returns should be received than before, of course, any one can see

what the dividends will be. While not desirous of looking with despondency on the future, we certainly think that the working of the law thus far is not favorable to increased dividends to the larger companies. Moreover, if the long and short haul clause should be permanently set aside in favor of Southern companies, this also will have its effect on the fortunes of the trunk lines, and unless they can drive their local rates up somewhat higher than they are at present, their net earning capacity is likely to be impaired. The natural increase in business from the ordinary growth of the country along the various lines may make up somewhat for the losses incurred as above described, otherwise a positive net loss must ensue from the operation of the law.

FINANCIAL FACTS AND OPINIONS.

Another avenue for speculation has been discovered by Wall street capitalists, who believe that additional millions will be brought into the financial field by the introduction of some commodity of variable value but of absolute intrinsic merit, while of quantity not so limited as to be gathered under individual control. For this purpose silver bullion has been selected. To-day, the assay office gives certificates of purity of any quantity of bullion taken there. But these certificates are of too variable quantity for the purposes of the Wall street people. They have accordingly secured a responsible bank as the storehouse for the bullion, and receipts therefor will be issued in multiples of 500 or 1,000 ounces properly certified. Silver will of course be delivered for these receipts on demand. The certificates will be regularly listed at the Stock Exchange, and through this medium silver will be traded in with the same facility as petroleum changes hands through pipe-line certificates, or as grain through warehouse receipts, or as, after September, cotton will be traded in.

An integer of value and the evidence of its integrity are required in speculation or investment. With so absolute a basis of value as silver bullion, small fluctuations will be sufficient to induce large operations by speculators, and of course it is to make business for the speculators that the brokers look with the keenest interest. So the idea, as looking to the control of the silver market, does not seem to be a bad one, for speculation in the certificates here might be made to influence the price of silver in London, and in turn the rate for Anglo-Indian council bills and the value of the Indian rupee. Hitherto the price of silver has been governed in London by causes that seem to be arbitrary. The promoters of the silver scheme here ask with some point, why this condition should exist

when this country is so largely the source of the supply of silver. It is easy to see why the idea meets with considerable favor in New York. The proposed plan will open a new field for speculation and bring silver into greater prominence. It will have the one disadvantage of adding to its instability, for the Wall street manipulators will be sure to make it move in order to fill their own pockets. The money in the scheme is evidently for its individual promoters.

For a bank to issue silver certificates is not like treading on the heels of the Government, although at the first glance it looks like that, for the banks will issue their certificates for ounces, while the Government issues its receipts for dollars. It is the difference, then, between merchandise and money. All the silver mine men of the West will, of course, sing the praises of Wall street in thus creating a new market for their metal.

Financial affairs in Europe appear to be going from bad to worse, notwithstanding the fact that war has been averted temporarily at least. In fact, the state of affairs as gathered from reliable authorities is nearly as disastrous as war itself could have produced. Talk of improvement under present conditions seems to be idle. The tendency is rather toward additional burdens than in the direction of improvement. However hopeful or ambitious, the people, groaning under taxation, are confronted with the difficulties of making brick without straw. Russia has lately increased the duty on imported iron. Germany, as reported by one of the Berlin organs, has taken revenge by increasing the duty on imported cereals five or six marks. Austria is said to be filled with dismay at this increase, since the corn duty will have a telling effect on that country. Increased taxation of foreign grain means higher prices for bread, and the people find an additional cause for complaint. Germany is also said to contemplate an increased tax on spirits manufactured in Europe. A greater burden is in that way provided for the agricultural classes. France is in as bad a way or worse. It has just completed an enormous loan for army expenses, and at the same time has added to the duty on corn. The proposal to mobilize the army next fall, probably means another military loan.

Thus it is apparent that the one object of legislation in Europe is to raise revenue. The one means is to add to the tax on the necessities of life. As the revenues increase of course the people become poorer. What does it all mean? Where will it all end?

The foreign trade of the United States for April, according to the statements just issued by the Bureau of Statistics, shows a considerable falling off in exports of merchandise. A decrease appears in both quantities and values as compared with the preceding month.

There was also a decrease as compared with the corresponding month of last year. The exports of breadstuffs, provisions, cotton and petroleum, which constitute the volume of our exports of merchandise, aggregated \$30,896,000 for April of this year against \$38,110,000 for April of last year, and \$36,500,000 for April of the year before that. Shipments of wheat showed an increase over both 1886 and 1885, but there was a heavy falling off in the exports of corn. Provisions also showed a heavy decrease. Perhaps the most significant feature of the report was the heavy falling off in the exports of cotton. Of this article the exports for the month aggregated only \$9,000,000 against \$15,000,000 in April of last year. For the first ten months of the Government's fiscal year ending April 30 the value of the articles named shows, however, an increase of almost \$55,000,000 as compared with the corresponding period of 1886. But as compared with 1885 there was a decrease of more than \$9,000,000. Exports of wheat exceeded largely both the preceding years, so did those of cotton, the gain over last year in this case being more than \$21,000,000. Only corn and other cereals fell below high water mark.

On the whole the export movement of the past ten months is favorable. Certainly a very satisfactory showing has been made by those two great staples wheat and cotton.

No less than three hundred and fifty new banks have been formed in the United States during the last four months. At first thought this is calculated to cause surprise. One would naturally think that the limit of profit in this business would be reached before long. Yet there are few signs, if any, that it is near at hand. Nor is it likely to be reached as long as money finds ready business at satisfactory rates. A more important consideration lies in the fact that over fifty of these new banks have been organized under the National system. In view of the fear which has been entertained in some sources, that the National banks may be rapidly diminished by the payment of the public debt, this is reassuring. The small interior towns claim most of the new banks. The business there is small enough to make the profit from circulation an appreciable source of net revenue. In the large cities it may be different, but with the smaller National banks it is evidently an object to replace the call three per cent. bonds with higher priced bonds. It has been observed that every dollar of note circulation brings in an interest revenue, including the four per cent. bond interest of not less than six and not more than eight per cent. Many banks looking to their own advantage will not reject this additional gain, even if they pay twenty-five per cent. premium for their basal security. The calling in of bonds will not greatly trouble the National banking system while such a rate of profit can be kept up.

The transportation problem is an interesting contribution to the *North American Review* of April. The article shows graphically the relation of the New York Stock Exchange to the railways of the country, holding that this exchange is the focus of these properties and the chief instrument for securing their control. Tables are published showing what can be done with \$100,000, or any other sum, with uninterrupted progress on either the bull or the bear side of the market, the profits being reinvested at each three per cent. advance or decline, with a margin at each reinvestment of five per cent. With five investments starting with \$100,000, and a change in price of fifteen per cent., the capital and interest in each case yield \$1,048,576, from which is to be deducted brokerage and interest. Of course the thing is to have the market in your favor. "This," says the *North American*, "is what the business of this country has greatly hinged upon during the last twenty years. To the fact that certain men have been able to influence the market in their favor we can ascribe very largely the present distribution of wealth. The railroad management of this country is not yet solidified, and the gravest jealousies exist, but they are becoming fewer." It may be added that one of the effects of the Inter-State Commerce law will be to assist in weeding out these same jealousies.

The wonderful development of the South during the past twelve months has been the subject of much comment, and, according to the *Engineering and Mining Journal*, which has sent one of its editors on a trip through that part of the country, the glowing estimates are not much overdrawn. The *Journal* reports that nearly sixty coke and charcoal furnaces are built or are being built in Tennessee, Alabama and Georgia, and adds that should those under contract blow in within a year about 1,500,000 tons would be added to the present annual output of that district. None of the iron at present produced in the South is suitable for Bessemer steel, so it all goes to market as foundry and mill irons. A considerable part of the Southern iron is adapted to take the place of Scotch pig, and its trial might make the importation of that fancy brand unnecessary or less called for. It is also suggested that Bessemer ores may yet be found in the South in considerable quantities, or they may be brought from Cuba or elsewhere by way of Mobile, as they are now brought by way of New York, and thus the quantity of foundry and mill iron may be reduced materially.

Any stringency in the money market this summer and fall must be met. So it has been decided after many conferences between bankers and the Treasury department. Properly enough the plan of selling bonds in the open market has not been adopted. This

scheme would have been an invitation to speculative holders to unload upon the Government, and it was manifestly impracticable. A city contemporary, the *Indicator*, which has been looking up authorities on the matter, reports that the banks are satisfied that in case of any stringency the Treasury will anticipate one year's interest on outstanding bonds. This action, although unprecedented, and possibly objectionable from some conservative points of view, would not encounter legal difficulties, and if put in force would cause the release of some \$50,000,000, counting in the calling of bonds this summer. Evidently there is not much danger of any violent disturbance of our present placid monetary conditions.

It is to the *condition of the wheat crop* that the financial eye now often turns, and it is gratifying to report that the conditions now ruling are excellent. The *Chicago Farmer's Review* says that recent rains have been beneficial to winter wheat in all sections, that the seeding of spring wheat is completed, and in a majority of instances the crop is above ground and promising well. According to the monthly crop report for the district embracing the Southwestern States, the acreage shows an increase of $2\frac{1}{4}$ per cent. as compared with last year. Mississippi leads with an increase of 4 per cent., and is followed by Arkansas with an increase of $3\frac{3}{4}$ per cent. The acreage planted in cotton shows an increase of $2\frac{5}{8}$ per cent. over last year. In this case Tennessee has the honor of reporting the largest gain, the increase being estimated at $4\frac{1}{2}$ per cent. Arkansas follows with an increase of 4 per cent., and Alabama comes next with one of 2 per cent.

All the currency there is outstanding is needed by the country in this time of activity in general business. Some financial writers are advising the Secretary of the Treasury to increase his deposits of internal revenue receipts with the National bank depositories as by law provided, so as to diminish as far as possible the hoarding of money by the Treasury. Perhaps it would be well, too, if the Secretary would set the precedent of depositing in this way some of the National bank note redemption fund, which now amounts to more than a hundred millions. The tremendously rapid growth of the country and its rising tide of prosperity demand the use of a greater amount of currency from year to year. The absorption of the new silver certificates as rapidly as the Government presses can supply them, indicates the extent of this demand. This is a great country and our Secretary should guard against any clogging of the monetary wheels of progress.

The substitution of a paper currency circulation for the present coin circulation of the Pacific Coast is the burden of a report that

comes from Washington regarding the policy of the Treasury department. Some doubts are expressed, however, as to the success of a scheme to force a certificate circulation on the Coast. The Sub-Treasurer at San Francisco is quoted as asserting that the paper would not be acceptable, and would be shipped to New York as soon as issued. He thinks this would be the case not only with silver, but with gold certificates. Other authorities believe that objection would extend only to the silver certificates. There is a sentiment that the section of the country which exerts so much influence to force the continued coinage and accumulation of silver should carry a share of that sort of currency. It is a feature of our monetary policy that the people who are supposed to control the Government are unable to choose the kind of money they shall use. The silver dollar is a coin which is not desired by everybody. The silver champion has been particularly sonorous on the Pacific Coast, and if people are to be compelled to take silver certificates, whether they want them or not, perhaps a dose of their own medicine will be a good thing for the country if not for the silver advocates of the distant West.

The last of the three per cent. bonds, about nineteen millions, have been called for redemption. There is still considerable discussion of the practicability of the using of the surplus revenue for the purchase of the four and a half and the fours at their market price. Some opposition to this plan has been developed. The four and a half and the fours are largely held for permanent investment. The amounts offered for sale are therefore comparatively small, and the present market quotations are no indication of what the Government might be compelled to offer in order to secure the purchase of say ten millions of bonds. The point is also made that the constitution empowers the Government to pay debt but not to pay premium on the debt, the premium being no part of the debt. Even at the present premium, it is urged that every \$100,000,000 paid would cost say \$20,000,000 in the premium. Knowledge that the Government was to become a buyer would of course cause a speculative increase of the premium. It is not to be supposed that the Government will make any purchases until it sees profit in the transaction. If it can buy the bonds at a price that will save it something in the way of interest, the question is simply a business one. The constitution does not prevent the Government from taking any action for the general welfare, so that the legal objections regarding premiums are robbed of their force.

The New York money market does not depend so much upon the condition of the New York banks as it did a few years ago. It is governed more by the supply of money in the principal financial

centers of the world. This is shown by the fact that notwithstanding the large falling off in the April exports of our leading staples and the continued absorption of money by the Treasury, there has not only been no stringency in the money market, but the market for sterling exchange has been actually depressed. The superabundance of money in London and the consequent movement of funds to this country have neutralized the large falling off in exports. Evidently Europe has become better acquainted with American enterprises, and as the result of such acquaintance European capital is finding its most satisfactory employment in this country. Of course this will be more manifest than ever when the revival of exports creates a trade balance in our favor again.

Statistics of coal mining show that the introduction of natural gas has not diminished this industry, which, on the contrary, has increased considerably. In view of the fact that in Pittsburgh alone the consumption of coal has been reduced some 18,000,000 bushels a year, this assertion might at the first blush seem unaccountable. But the output of Pennsylvania, Ohio and other coal States during the past few months has been extraordinary. Where are the new markets for this fuel? They are evidently found in the towns and townships. The methods of rural communities have been revolutionized by new conditions, new growths, new enterprises, and better transportation facilities. Coal at 10 cents a bushel has been found to be cheaper than wood at \$2 a cord. The stimulating influence on our mining industries is easily accounted for and the continued organization of new coal and iron enterprises and the increased revenues of coal-carrying roads cease to be a matter of wonder.

That the bimetallists will come more and more to the front is one certainty which the London *World* finds among the distracting doubts of the future. The *World* asserts that the battle of the standards is being rapidly recognized as a social question of the highest importance, and that since bimetallists have always insisted on this fact they are listened to more eagerly than of old. At an address given a few days ago at the Manchester Athenæum, the social importance of the currency question was pointed out, and it was claimed that in the past ten years some £900,000,000 had, through the demonetization of silver, been transferred from the pockets of one class of the community to those of another. The Manchester *Guardian*, moved to comment on this address, admitted that it imparted a degree of seriousness and weight to the controversy which could hardly fail to impress the minds of many who had hitherto regarded the questions involved as unsubstantial and transient.

The operations of London in American securities have been receiving as much attention from some financial journals as though the value of our investments depended very largely, if not principally upon the transactions made by cable. It has become quite the thing for some authorities to blow the horns in New York whenever there is a fog in London. As a matter of fact the same influences have not for some time, and do not now control both the foreign and domestic markets. An evidence of this is the fact that money is a drug in London, while it is in lively demand here. The operations of the London market in American securities do not aggregate more than those of two or three leading New York banking houses. We might almost as well look to New York to regulate the value of British consols as to expect London to point out the way in the monetary affairs of this country.

The cotton movement is small this year all over the South. At Galveston, in April, the receipts were 12,000 bales against 32,000 bales in April of last year. A great deal of Texas cotton finds its way to New Orleans. There the receipts were 35,000 bales against 48,000 last year. All along the Atlantic coast, too, the cotton movement fell off heavily. The total receipts of cotton at Southern ports in April, were 73,000 bales against 187,000 bales in the same month of 1886. From January 1, to May 1, the total was 1,187,000 bales against 1,311,000 bales in the same period of the year before. In the meantime, the India crop is reported to be of satisfactory quantity, but of less satisfactory quality. Total Indian shipments since January 1, show the largest figures since 1884.

Great Britain's imports of food supplies and cotton during the first three months of the year amounted to \$32,000,000 in value. Of this, \$22,000,000 came from the United States. In April, this country sent a decreased supply of breadstuffs to Great Britain, but exported an increased amount of some staples. Great Britain draws its chief imports of merchandise from Uncle Sam, and it shows a tendency to enlarge its demand rather than the reverse.

The prices of government bonds during May, averaged 100 for the threes, 109½ @ 109¾ and 110¼ @ 110½ for the four and a half, registered and coupon, and 129 @ 129¼ for the fours. At these prices purchasers received an income upon the money invested at the rate of 2.20 per cent. per annum in the case of the four and a half, and of 2.32 per cent. in the case of the fours.

BUSINESS MONOPOLIES.

The cattle men in the West are trying to form a combination for the protection of their interests, that is to say, they wish to become partners in the raising and selling of cattle and of sending meats to the markets of the country. They say that one hundred millions will be or should be put into this new monopoly. The justification for the new movement is partly humanitarian and partly selfish. They say that while the price of live stock has diminished 40, 50 and more per cent. within the past few years, the consumer in the East pays about as much for his meat as ever. Of course, somebody between the cattle raiser and consumer is making this difference of 50 per cent. or more. The cattle raisers know who are the gainers. They say that the happy stockholders of the Chicago stock yards put that difference into their pockets, and by way of evidence it is asserted that the stock of that company, which was a million and a-half a few years ago, has been watered to eleven millions, on which fifty-five millions in dividends have been declared in ten years. It is asserted that four concerns have made upwards of two hundred millions in this little business of buying and selling cattle. Pretty fair profits for butchers. It is quite evident if this statement be true, that the number of lambs sold is enormous.

Now the cattle raisers say that it would be a good thing to join forces and go at this little band of greedy butchers in Chicago and take a portion of these profits themselves. It is quite true that the general supposition has been that the cattle raisers had not been particularly modest in this matter of profit-making, but it may be that the business is not as profitable as it was a few years ago. It certainly is true that for a considerable period it paid enormously, and possibly it is the thought of these big dividends which they formerly received that is inspiring these gentlemen to form a new combination whereby those halcyon days shall return to them.

We do not suppose that the public would mourn particularly if the stockholders in the Chicago yards did not make quite so many dollars, but it is something of a question whether, if this new combination should get into fine working order, the public would buy their meat any cheaper than they do now. In a great many cases monopolies have served the public faithfully, and whenever they do their course is to be commended. If there can be any economy wrought in the slaughter of beef further West, as these cattle raisers say can be at Kansas City and other points, these econo-

mies are worthy of consideration and of putting into execution, but if the savings from these economies in dressing beef are to go entirely into the pockets of the cattle growing combination, the public will care but very little for the fortunes of the new company. It may be, however, that the cattle raisers will be content to part with a portion of the profits which they might make and sell their product at a little lower price to the consumer. If this were done the change would be very gladly welcomed. The tendency now-a-days seems to be in the direction of combination, nor will it do to say that the public always suffers from the change. Such a judgment would be as swift as it is unfair. We can call to mind a very large number of great companies in the production of woolen, cotton, and other fabrics as well as in the exchange of them, which certainly have been very helpful to the public in the way of getting better goods at more reasonable figures. All depends on the spirit and methods of the managers. Let us hope that this last experiment contains more of good than evil. Let us hope that the cattle raisers are intent on making this change with a view of benefiting the public as much as themselves. If such should prove to be the case, they certainly would gain the thanks of the entire country. One thing is pretty certain, which cannot be said of combinations always, that the public are not likely to suffer from this union of cattle raising with the preparation of meat food for market.

SUCCESS OF CO-OPERATION IN GREAT BRITAIN.

The annual report of the Co-operative Wholesale Societies of England and Scotland for 1887, is the most complete and instructive annual yet issued by either society, and especially by that of England, which is really the parent of its Scottish protégé, whose reports are now published together for the first time. In speaking of the wonderful growth and success of these societies in Great Britain, Mr. John Gledhill and Mr. Percival, its agents for the purchase of produce in the United States, attribute it to the fact that Englishmen are willing to join such an enterprise and take a subordinate position, trusting to faithful and efficient service in the employ of the society for advancement. Whereas, in this country co-operative experiments have generally failed because all wanted to be bosses. This, of course, applies to the officers, agents, employes and the whole working force, which, in the case of the English society, amounts to the respectable commercial army of 2,000 men. Perfect organization, discipline and efficiency are thus secured as well as the extra stimulus to faithfulness and energy of an interest in the business.

On the other hand the workingmen and poorer classes in Great Britain, said Mr. Percival, who was Secretary of the English Society for fifteen years, are willing and ready to take the trouble of organizing local retail societies on which the success of the general wholesale societies depend, and of attending meetings necessary for the transaction of their business, as well as to extend the membership and solicit trade for their local societies, for which every member becomes a drummer. Whereas, in this country, the workingmen have never taken sufficient interest to organize, maintain, or even give their own trade to the co-operative stores that have been attempted in the United States, with but few exceptions.

To these two causes, growing out of the differing conditions of the working people in the two countries, which necessitate more rigid domestic economy and to the better training and discipline of the commercial classes in England, these gentlemen attribute the success of co-operation in Great Britain, while it has generally failed among the same nationalities on this side the Atlantic.

Grave questions, however, are presenting themselves to these societies in Great Britain, where they seem destined to play an important part in the solution of the great commercial and land questions that are puzzling British statesmen of both parties, as these societies have already found the solution of the industrial problem in co-operation. Instead of dodging or shirking them, however, as English statesmen are attempting to do, these societies have met them squarely in this annual, by publishing therein a series of well-written and considered articles upon the burning questions of the day in England, prepared by well known and accepted authorities on the subjects treated.

An able article on "Money and its Commercial Functions," by Professor Nicholson, favors international bimetallism as a relief for many of the commercial evils under which Great Britain is at a disadvantage in its commerce with the world. Arthur Arnold, president of the Free Land League, contributes an article on "The Land and the People," which, in its fairness and moderation both of discussion and remedies, is a striking contrast to the radical theories and remedies proposed by Henry George. Yet they go to the root of the evil which the British Parliament is trying to remedy by trimming the branches of the Upas Land system of Great Britain that has overshadowed all her industries and driven away her people.

"The World of Labor," is another contributed article by an Englishman, who shows the workingman how, with a fair average income and without serious sacrifice, he may on fair wages and steady employment provide his family with the comforts of life and for old age and his children with a start in the world on a higher plane than their parents occupied. A most interesting sketch of the cotton industry in Great Britain, by J. C. Fielden, as well as a history of milling by B. Withington, and British legislation regarding industrial

and provident societies in England, are also included in its contents, which, altogether, are invaluable to the student of industrial development and the great social movements that are revolutionizing England and the world.

Regarding the commercial and industrial growth of these societies at home and the extension of their commerce with the world, the report furnishes most interesting statistics and comparisons.

In addition to the agency in New York for the United States and Canada, the English society has purchasing agencies on the Continent of Europe, and runs regular lines of steamers between Hamburg, Calais, Rouen and Liverpool, five of which it owns, as well as manufactories of all kinds of goods in England, from which it supplies its own stores. It has also Co-operative Insurance, comprising both fire and life and for the fidelity of officers and employes of the society. The central officers of the English society, as well as of their insurance company and wholesale stores and departments, are at Manchester. It has also branches through Ireland at many of whose seaports it has warehouses. The number of local societies belonging to the wholesale of England is 738, which is the supposed total number in England and Ireland.

But this society does not stop with supplying whatever the body requires for clothing and food. It has halls for meetings and lecture and reading rooms with libraries for its members, and is steadily adding to the means of supplying the educational wants of the people. It publishes the *Co-operative News and Journal of Associated Industry*, which is the only organ of these societies in the United Kingdom. It is a penny weekly and circulated and sold by all the society's branches.

The English Wholesale Society began business in 1864 with annual sales of only £120,000, which in 1885, reached £4,793,000, and in 22 years aggregated £45,880,900, with a profit of £568,700. Number of societies holding shares, 738; number of memberships belonging to shareholders, 507,700; share capital, £284,000; loans and deposits, £524,700; reserve fund, £31,000; insurance fund, £40,000; net profits 1885, £77,630.

The aggregate membership of all the English societies at close of 1884, was 897,900. Share capital of £5 per share, £8,646,000; loan capital, \$1,880,000; sales for 1884, £80,424,000; net profit, £2,723,000; amount devoted to education, £19,154.

The Scottish Wholesale Co-operative Society did not begin business till 1868, with headquarters at Glasgow. In 1886 it employed 623 men in its wholesale branches; and in 18 years it had sold and distributed in Scotland, £12,200,000 worth of goods, at a profit of £278,900, beginning with sales of £9,697, on a capital of £1,795, with profits of £48 in 1868, and ending with sales of £1,147,788, profits of £29,304, on a capital of £326,169 in 1886. It is in most respects organized and conducted the same as the English society, except that it is younger and less extensive.

THE LATIN MONETARY UNION.*

In 1850 there was a double disturbance of the monetary circulation of Europe. Gold was discovered in California and Australia, and commerce with the silver-standard countries of the Orient was developed to unprecedented proportions. Gold, coming in immense quantities, diminished in value, and silver, acquiring a premium, disappeared from circulation. A sensible difference consequently arose between the legal and the real price of these two metals, and speculation hastened to profit by this new state of things and contributed not a little to withdraw from circulation the silver money so necessary in the settlement of small transactions.

Such a situation could not last; there was urgent need of a remedy. An acute crisis resulted for the States with a bimetallic system, gold and silver. To prevent the white metal going out of circulation entirely, Switzerland decided, in 1860, to reduce the standard of the franc and its silver subdivisions and multiples. This example was soon followed by other States, but their measures were not uniform. It was desired thus to create for the needs of the circulation in each country a fractional silver currency with a nominal value superior to its real value, so as to guarantee it against exportation, and without having its nominal value offering premium enough to provoke counterfeiting. Has this end been attained? The measures taken by France, Switzerland and Italy, partly stopped the speculation, which profited by the change in the value of the two metals and sent abroad the fractional coins of these countries; but they brought about other inconveniences, no less grave, which ended by diminishing still further the silver circulation in each of these States. The difference of the standards of money resulted in seriously altering the monetary communion of these nations, and in establishing between the silver coins of adjoining countries, differences of price, soon taken advantage of by speculators. Specie of a lower standard was not received in the public offices of the States with a higher standard, and these States thus found themselves reduced to their own money. Moreover, they could not even keep this money, speculation finding it profitable to melt up the silver and export it where, as in Switzerland, it would be coined into pieces of a lower standard.

Belgium was the greatest sufferer, for it had kept its silver coins of the primitive standard, and it was also the first power to attempt to remedy the embarrassments of the situation. It thought of a

* Adapted from the French of Paul Fauchille, in the *Annales de l'Ecole libre des sciences politiques*.

monetary union of the States, which had adopted the franc as the base of their system, and made overtures to the French Government that were quickly accepted. A conference, composed of delegates from France, Belgium, Switzerland, and Italy, met at Paris, and its labors resulted, December 23, 1865, in the signature of a monetary convention.

France, Belgium, Italy, and Switzerland constituted themselves a union in respect to the weight, standard, measure, and currency of their gold and silver money. Thanks to the adoption of one standard, the old harmony was re-established, and the fractional currency of the four States could safely circulate in their respective territories. An end was also put to the speculation, which, since 1860, had troubled the relations of these States.

The situation, however, could not be remedied by these measures alone. It was necessary to prevent the speculators taking the silver out of the countries of the union, and for this purpose the four States put the standard of their fractional money down to $\frac{3}{100}$, hoping thus to establish between the nominal and the real value a sufficient difference to take all profit from exporters, even in case the premium of silver over gold should rise. In view of the growing needs of commerce, the conference resolved to make the fractional currency on the basis of 6 francs per head, and by this figure to multiply, not that of the actual population, but that of the population estimated for each State at the expiration of the treaty. France, Italy, Belgium, and Switzerland were accordingly authorized to coin respectively amounts of 239 millions, 141 millions, 32 millions, and 17 millions. The coinage of silver 5-franc pieces remained entirely free. The monetary union was created, and to make it as extensive as possible, the right of accession to it was granted to any State accepting its obligations. Greece adhered to the convention in 1868, but her accession only became complete in 1875, when she began coining silver in conformity to the system of the union.

The convention of 1865 was scarcely concluded, when of themselves the prices of the two metals approached nearer the legal relation. After having been 15.33 in 1853, 15.21 in 1859, and 15.35 in 1864, the ratio became 15.46 in 1865 and 15.41 in 1866. This improvement of the silver market was not of long duration, for, soon, a sudden change sent silver down below its legal value; from 1867 to 1872 the ratio between gold and silver varied progressively from 15.57 to 15.63. The situation had thus become entirely different from what it was in 1865, being reversed, for there was now a notable diminution in the price of silver compared to that of gold.

Various causes brought about this depreciation. The first and perhaps the principal one was the tendency of all legislation towards

the unique gold standard. In 1867, eighteen States in conference pronounced in favor of monometallism and gold, and several of them soon put their principles in practice. From 1871 Germany adopted the gold standard; in 1873 the United States sanctioned the same principle, and Denmark and Sweden followed in the same year. The demonetization resulting from the German reform threw a considerable mass of silver on the monetary market, estimated at about 1,500 million francs. The changes in the relations of Europe with India and the East also helped to put down the price of silver. Every year the exportation of silver to these countries diminished, the commercial balance of British India testifying to the fact. The coinage of silver in the East Indies, from 1851 to 1866, absorbing all the contemporary production of this metal, diminished after 1870; the annual average of this coinage dropped from 78 million rupees to 12 and 17 millions. Finally, the production of the silver mines of the far West of America had greatly increased. New processes and more active exploitation brought the yield of these mines from 15 million dollars in 1867, up to 30 millions in 1872, and to over 35 millions in 1873.

The progressive substitution of silver for gold must be the inevitable consequence, in the countries of the union, of the depreciation of silver. This substitution was operated at first naturally by the play of commercial transactions. The merchants of countries with the gold standard, when they were debtors of the union, hastened to pay in silver, whose value was really less than their debt, though legally equivalent; on the contrary, the commercial men of the union, when they made purchases abroad, had to pay in gold, and they could only impose silver money upon their creditors by losing the difference of exchange. The substitution was also furthered by speculation. Thus, private individuals and banks exported to Germany large quantities of gold 20-franc pieces, with which they bought silver and had it coined into 5-franc pieces, so that on 10 millions of francs they obtained a gross profit of 500,000 francs and a net profit of 333,000 francs.

The States of the union were thus inundated with silver, and their situation became all the more difficult, because some other countries, as Russia and Austria, though not adopting the gold standard, had ceased to use silver and employed inconvertible paper money. Italy also had the forced currency, and her associates had to receive her money. Everything seemed combined to make the Latin Union a sort of silver island amid the civilized world. Threatened by the gravest dangers, the Latin Union hastened to decisive measures. The States composing it had already tried to moderate the influx of the white metal upon their territory. Belgium, by limiting or suspending its coinage of silver, France reducing its coinage to 150,000 francs a day and the Bank of France refusing

the 5-franc pieces of the other countries of the union, and Italy lowering the price it paid for silver. But uniform measures were absolutely necessary, and to secure them, Switzerland requested the French Government to call a conference. Delegates from each country soon met at Paris and concluded, January 31, 1874, an additional treaty.

It was deemed necessary for the States of the union to meet periodically to consider any new measures required by the depreciation of silver, and another monetary conference was stipulated for the month of January, 1875. It was also agreed, that any request for admission to the convention should be subject to an explicit understanding on their part, and, finally, they limited to a certain amount the coinage of silver 5-franc pieces. Ought they to have stopped there? Belgium asked for the suspension of the coinage of silver for six months, and Switzerland wanted to give up all further coinage of 5-franc pieces, but these amendments were rejected, the French representatives opposing them as tending toward the single gold standard.

The rules established by the convention of January 31, 1874, were sanctioned anew by the Latin alliance in its conferences of 1875 and 1876, which took other forward steps in the monetary policy of the union. The States agreed to fix at one-half of the annual coinage the limit of the bonds which each country might emit on the eventual coinage of the following year, thus establishing a serious guaranty in case the continued depreciation of silver should make necessary a further reduction of coinage. A second innovation was, that the associated governments decided to inform one another of any facts coming to their notice with regard to the adulteration and counterfeiting of their gold and silver money, and to concert measures against such adulteration and counterfeiting. France initiated these measures and thought them sufficient to prevent the accumulation of the white metal, while Italy and Switzerland would have liked them more restrictive, the delegate from the latter country affirming that more radical reforms would perhaps soon be required.

The situation was indeed very grave. The relative value of silver had never fallen so low; after having been 16.17 in 1874, and 16.58 in 1875, it was 17.88 in 1876. Other countries, Norway and the Netherlands, had turned to the simple gold standard, and the monetary reform of the German Empire was in full course of execution. Finally the mines of the United States continued to throw an ever increasing mass of silver upon the market, estimated annually at over 35 million dollars.

It was not long before the pessimistic provisions of the Swiss representative were realized. Though limited by ministerial decisions, silver accumulated more and more in the French mints, and in

1876 the mints of Paris and Bordeaux were closed to silver. Belgium resolved also to suspend the coinage of silver 5-franc pieces from the beginning of 1877. The policy of the Latin Union seemed thus about to enter into a new phase. The restrictive rules adopted by France and Belgium were soon sanctioned by convention. The monetary treaty of November 5, 1878, replacing the expired one of 1865, declared the coinage of 5-franc pieces to be suspended provisionally, and that it might be resumed whenever there should be a unanimous agreement concerning it between all the contracting States. The system of the convention of 1865 was consequently reversed: formerly unanimity between the allied countries was necessary to suspend the coinage of silver; the convention of 1878, on the contrary, imposed unanimity to resume coinage.

Could it have been otherwise? There had been no improvement in the market for metals. Although in 1877 the ratio between gold and silver had risen to 17.22, in the following year it fell again and dropped to 17.96. The United States, however, by the law of February 28, 1878, had renounced the single gold standard; but Greece established the forced currency, and Finland adopted gold as its only standard. The adoption of the double standard was not complete in the United States. The Secretary of the Treasury could only buy silver for a maximum value of 4 million dollars a month; the silver bullion in reserve was never to exceed 5 million dollars; and the coinage has not been over 2 million dollars a month. At the end of 1878, also, the silver reserve of the Bank of France amounted to 1,058.8 millions against 1,013.3 millions in gold.

Although the suspension of coinage was the only innovation really made by the convention of 1878, other modifications were discussed, all tending to stop the flow of silver into the States of the union. The convention also influenced the internal legislation of the allied States, especially of France, which country was led to examine into the important question of substituting direct administration by the State in place of the contract system. Henceforth, by virtue of the law of July 31, 1879, the coinage of money in France will be done by administration. This decision constituted real progress, and established unity of legislation between France and most of the States of Europe.

Has not the suspension of the coinage of silver in the associated countries aggravated the economic crisis which has so long troubled the monetary market? From 1878 the depreciation of the white metal went on, and the stock of silver of the union increased. While in 1879 the commercial ratio of the two metals was 18.40, it fell to 19.39 in 1885, and for a time since it has been as low as 22.45; while in 1878 the inventory of the French public offices gave a proportion of silver of $26\frac{1}{4}$ per cent., in 1885 it was $30\frac{1}{4}$ per cent. But it would be a grave error to conclude from these

facts that the measure adopted by the union in 1878 had made the situation worse. No doubt, from a general point of view, the limitation and suspension of coinage have contributed somewhat to the depreciation of silver, for the value of merchandise diminishes the less it is in demand, but, from the point of view of the Latin Union, they have checked the monetary peril. Indeed, if these measures had not been taken, gold would soon have entirely disappeared from the countries of the union. Speculation would have been free to coin a considerable quantity of bullion in these States, and, profiting by the difference between the real and the nominal value of the white metal, it would have exchanged silver money for gold to be immediately exported. With the limitation of coinage such a danger is no longer to be feared; henceforth gold will only quit the territory of the union by the natural effect of international exchanges. The Latin Union has therefore really protected its interests, but, it must be said, its economic life has only been saved by compromising that of other States. In closing its doors to silver, it contributed to the depreciation of silver in all the markets of the world, but this was not exceeding its rights, since its imperious interest was to guard against the invasion of an already depreciated metal. It had to defend itself against countries that had adopted the gold standard or a forced currency, and it was its duty to repel aggressions from abroad.

The monetary crisis was consequently still open. An attempt was then made to solve it internationally, and for this purpose a conference met at Paris, in 1881, upon the initiative of France and the United States. Its object was to establish an international bimetallic union with resumption of the free coinage of silver. This assembly, which sought to correct the excess of silver by a still more considerable excess of silver, or by "monetary homeopathy," as was happily said, succeeded less even than its predecessors of 1867 and 1878, and it simply resulted in a proposition of adjournment. It influenced, however, the future of the Latin Union. The monetary opinions of the associated States had in no conference appeared so divergent. While France and Italy defended the system of international bimetallicism, Switzerland, Greece and Belgium opposed the free coinage of silver and plainly showed their preference for the gold standard. The Latin Union was thus openly divided, and it was to be feared that the bonds, which for almost twenty years had closely united the five allied States, would soon be relaxed.

This, indeed, took place. The convention of November 6, 1885, replacing that of November 5, 1878, includes certain dispositions that sensibly weaken the stability of the union. The duration of the monetary pact was reduced from seven to five years. The possibility of a dissolution was considered, and care was taken to regulate the conditions of liquidation, each State having to redeem

all its silver 5-franc pieces held by the other States. Any State, excepting Greece and Switzerland, was authorized to resume the free coinage of silver on condition of exchanging or redeeming in gold and at sight, its silver 5-franc pieces circulating in the territory of its associates. The exercise of this right does not require the unanimous agreement of the allied countries; the State wishing to declare itself for bimetallism has only to call a convention. The French Government pushed this proposition through, in order to reserve the possibility of forming the great bimetallic union it had advocated in 1881, should circumstances be favorable.

Though the bonds uniting the Latin States had thus weakened, they had not disappeared. In 1885 as in 1878, the countries of the union were intent upon consolidating the metallic circulation in their respective territories. The stipulations of the treaty of November 6th are connected with these two ideas: assuring in each of the associated countries the free circulation of the money of the union; diminishing in these countries the plethora of silver crowns.

Several dispositions have in view the first of these ideas. The five Latin States have money of the same standard, weight, and measure. The contracting governments agree reciprocally to receive in their public offices the gold money and the silver 5-franc crowns, without limitation of quantity, and the fractional coins up to 100 francs for each payment. The convention of 1865 was limited to this stipulation, which was insufficient. The effective circulation of the money of the union was not seriously guaranteed in France and Belgium, for the National banks and private individuals of these countries could still refuse the coins of the other countries, but the domestic legislation of Switzerland, Italy and Greece, gave legal currency to the coins of the Latin Union. The Bank of France and the National Bank of Belgium agreed in several years with their respective governments, to receive equally the moneys of the different States, but this engagement was to end, if the coinage of silver 5-franc pieces should be resumed, or if the other associated States should suppress the legal currency without substituting obligations analogous to those of the banks. Switzerland, Italy and Greece could at any time suppress the legal currency of foreign coins. The convention of November 6, 1885, improved the dispositions relating to the metallic circulation. It decided that the National banks of France and Belgium should receive the moneys of the Latin Union on the same conditions as French and Belgian specie, and that in case of the suppression of the legal currency Switzerland, Greece and Italy should engage to have their banks of emission receive the moneys of the other States on the same footing as their own. Thus, as long as the convention lasts, the moneys of the Latin Union will be received by the public offices and the banks of emission of each State; private individuals alone

will have the right to refuse them, and that only in France and Belgium; for, as we have seen, the legislation of the other countries recognizes the legal currency of foreign coins. The convention of 1885 has therefore, to a certain extent, increased the circulation of these moneys.

With a view to facilitate the monetary circulation between the five countries, each of the contracting governments agrees to redeem from private individuals or the public offices of the other States, the small silver money it has issued and to exchange it for an equal value of current money in gold or silver coin, on condition that the amount offered for exchange shall not be less than 100 francs. For the same purpose the convention of 1885 makes each of the contracting States agree to redeem from the public offices of the other States the silver 5-franc pieces, whose weight shall have been reduced by wear 1 per cent. below the legal weight, provided they have not been fraudulently altered. Private individuals, holding worn money, are thus assured of suffering no loss, since they can always take these coins to the public offices. No provision was made for the redemption of gold coins of insufficient weight, for the intrinsic value of gold corresponding absolutely to its legal value, there will be no difficulty in keeping them in circulation.

The convention of 1878 obliged the contracting governments to communicate annually to one another the amount of their issues of money, as well as measures and documents relating to the circulation, counterfeiting and debasement of their gold and silver coins. This provision had never been executed for want of a specially appointed authority, so the treaty of 1885 remedied this by making the French Government the central organ of the union.

The situation demanded all the dispositions of the convention of 1885, that have in view the diminution of the plethora of silver money. The production of silver is increasing, and the public predilection for gold is manifesting itself more and more. In Holland, the government has been authorized by the Chambers, to sell silver florins to the amount of 50 millions francs. While in Germany and the United States the silver money amounts to from 12 to 30 francs per head of population, in the countries of the Latin alliance the silver 5-franc pieces in circulation are 85 francs per head for France, 70 francs for Belgium, 13 francs for Italy, 6 francs for Greece, and 3 francs for Switzerland. The measures, designed to relieve the monetary market of these States, must therefore make a larger outlet for the silver crowns in circulation, and prevent also the appearance of new 5-franc pieces. The first of these results was aimed at by provisionally suspending the coinage of 5-franc pieces in gold, the second by proclaiming the coinage of silver 5-franc pieces suspended in principle. To reduce their silver

circulation and free it from all foreign elements, the contracting powers have also subordinated to their unanimous approval the right of accession to the convention, and they have, moreover, engaged to refuse legal currency or admission to public offices and banks of issue of the silver 5-franc pieces of the States not belonging to the union.

Such are the rules at present governing the Latin Union. By this convention of November 6, 1885, have the five States drawn from the idea of *union* all its possible consequences? The Austro-German monetary treaty of January 24, 1857, and the laws of 1873 and 1875, uniting Sweden, Norway and Denmark, may, on this subject, furnish useful elements of comparison.

O. A. BIERSTADT.

MERCANTILE CLEARING HOUSES.

A clearing house is an institution of bookkeeping. It is designed for saving time and labor where a number of persons or firms are associated together as an organization and trading or doing business among themselves, and each acting independently for his own interest and gain. At the clearing house the various transactions are adjusted through a method of accounts so that the differences only of the transactions are passed from one to the other.

If two merchants who have dealings together meet at the close of the day or month or at any other time and so adjust their dealings that the one who, upon the several dealings, is most indebted to the other pays only the difference, instead of each paying the other the full amount of his several debts, the settlement is a "clearing." By this clearing one payment answers the purpose of two. Now, if a dozen merchants had been dealing among themselves for a month and each of the twelve had made sales to each of the other eleven, and the twelve came together at the same time and made a settlement, so that only those who had bought more than they had sold would pass the difference to those who had sold more than they had bought, the clearing would reduce the number of payments from twenty-four to twelve, or perhaps one, as the case might be. Then if these twelve merchants, instead of coming together, had passed into a bank where each of the twelve kept his account, tickets showing what his transactions had been, the bank could make the adjustment by charging and crediting the accounts which had been affected by the several transactions, and thus save the time and labor of the twelve merchants and avoid the necessity of their meeting at a given time. In this case a merchant whose sales to one equaled his purchases from another would not have his account at the bank interfered with. If his sales were less than his purchases the difference only

would be charged against his account. The bank in this case would serve as a "clearing house."

There are, we may say, as now in vogue, two kinds of clearing houses, viz., financial and mercantile, or clearing houses for bankers and clearing houses for merchants and brokers, who trade among themselves under the rules and regulations of some commercial association. It is with the latter class that we are to treat in these pages.

It is apparent that in the case of clearings for the accommodation of bankers it is only necessary to determine how much *net cash* on a general settlement of all the banks in the association is to be paid to and by each of the several banks. But in the case of clearings for merchants and brokers there is still something else to be considered. Suppose the merchants had been buying and selling grain, and instead of delivering the commodity dealt in at the time of each sale and purchase, it was left until the clearing took place to determine not only how much difference in cash was to pass from one to the other, but also how much grain was to be delivered. If Brown, who had bought ten thousand bushels, had sold eight thousand, he would be entitled to receive but two thousand bushels. The transactions may as well be in stocks or securities of any kind as in wheat and the same principle will apply. Assuming that the persons thus dealing together are brokers and the sales and purchases are in stocks of railroads and other corporations, then the purposes of a clearing of the accounts would be:

First—To ascertain from reports furnished by dealers, the net difference in shares due from each to the other on all the transactions.

Second—To determine the amount of cash which shall pass from each to all the others on the balancing of the several accounts.

The operation by which these facts are ascertained is termed the "adjustment."

Third—Receiving from each the shares or stocks he has sold of a certain kind more than he has purchased, and delivering these to such as have purchased of such stocks more than they have sold; and,

Fourth—Receiving the cash from those whose aggregate purchases have exceeded their aggregate sales and paying the cash to those whose aggregate sales have exceeded their aggregate purchases.

This operation is termed the "settlement." It is customary in this country, in the financial and mercantile exchanges, for this clearing or general settlement to take place every day. Where the business of the exchange is of sufficient volume to warrant the introduction of a clearing system, it is natural that it should demand a daily clearing. Placed upon paper it seems a very simple operation. But there are circumstances which make the work far more complicated than it at first sight appears. These circumstances are summed up

by an authority on this subject as follows:* "The work must be done during banking hours. More: it must be done in half that time. The stock clearing house differs in that respect from every other business. The banks themselves, the brokers and all others if overcrowded with business, can work their clerks all night if necessary; but not so the clearing house. It must settle up everything before the banks close, in order that the dealers can meet their obligations there; and before it is able to settle must reach an exact adjustment of all the claims and allowances, which means that it must prove the correctness not only of its own work, but of that of each and every dealer. Bankers and brokers can begin their work at nine o'clock if necessary, but the clearing cannot begin before twelve o'clock, because time must be given the members to make up their reports and provide their shares for delivery. This reduces the time for clearing the business which several hundred dealers have transacted during five hours to two hours and a half."

It will be seen that the machinery and manipulation required in performing a task of the kind described ought to be as nearly perfect as possible. In every instance where a clearing house has been organized in connection with financial and commercial exchanges the adoption of a method for performing the work has met with serious consideration, grave discussion and occasionally strenuous contention among the members in criticising one and approving another of the methods in vogue. The first time, the plan of clearing was attempted by the members of the New York Stock Exchange, it was abandoned after two days' trial. The exchange as an organization took no part in the enterprise, but it was put forward by about two hundred members. Two years and a half later the subject was revived. A stock company was formed and it was agreed to adopt the method which had been tried before, and to pay the inventor for his copyright fifty thousand dollars. But the project did not meet with the success its promoters had anticipated and was left without support.

Illustrative of the importance of the clearing institution to exchanges, we refer to a most valuable and interesting report made by a committee of an important association after it had been through a careful and exhaustive consideration of the subject.†

"As a great deal of discussion has lately sprung up in regard to the stock clearances, and as certain results are ascribed to the system of clearances which are merely the result of the system of trading, or of extraneous circumstances, it is well to bring before the Board of Directors as well as before all the members of the Exchange the result of the labors of your committee, which may be of value to future committees that may be ordered to go over the same ground.

* Uhler on Stock Clearing.

† Clearing Committee Consolidated Stock and Petroleum Exchange of New York, May 30, 1885.

"Your committee have had Mr. Osterberg and Mr. H. E. Hosford before them and investigated their systems; they have also examined the systems of clearing or 'ringing out' of cotton and grain and the system lately adopted for simplification of deliveries by a number of stock houses. Finally your committee, before adopting the old gold clearing system, had a number of tests made as to the actual working of it."

THE GOLD CLEARING SYSTEM.

Before giving a description of this system, which is now being used to some extent by several exchanges, and notably by the Consolidated Stock and Petroleum of New York, we will give a brief history of its origin.*

When upon the breaking out of the civil war in 1861 the issue of National bank notes and Government paper became the currency of the country, gold at once reached a premium, and thereafter became a commodity which was bought and sold for the money of the time called currency, as shares of stock, and pipe line certificates are at the present time. To facilitate transactions of this kind the New York Gold Exchange was organized. In the course of a few years the transaction in this board reached such a volume that further means were required to facilitate the settlement of its transactions. A method similar to that employed by the associated banks was looked to for that purpose, namely, a method of clearing.

A bank was created and called the New York Gold Exchange Bank with this as its principal object. It had a capital of \$500,000 fully paid up, and opened for business at No. 58 Broadway on 10th December, 1866. The first clearing was made on the following day (11th) of the business of the preceding day. The total clearings were \$51,000,000; the next day, the 12th, they were \$60,000,000; 13th, \$48,000,000; 15th, \$49,000,000. The daily average amount of gold required to settle this business was \$1,500,000. During the year the average clearings were \$64,000,000. Under the increased facilities afforded by the new system, the business continued to grow until it reached such dimensions that on the 3d and 4th September, 1869, the total clearings of the two days were over \$400,000,000. On the 6th they were \$199,229,000. Gold balance, \$2,842,000; currency balance, \$4,236,000. From the 6th to the 23d, the daily clearings averaged \$106,653,000. On the latter date the clearings were so large that they had not been made up when the board adjourned. When ascertained they showed \$324,524,000 cleared that day; gold balance, \$5,957,000; currency balance, \$9,055,000. At this time the total amount of gold in all the banks and business houses in the city of New York was not over \$20,000,000."

People familiar with the financial history of the country need not be told of what happened immediately after the time alluded to

* *Banker's Magazine*, January, 1885.

above. "Black Friday" was the 24th September, and was also the end of the Gold Exchange Bank. It is said that the clearings for that memorable day aggregated over half a billion dollars, but we are not told how many days after the suspension before the result of the business was announced. It was no fault of the method of the clearing that caused the suspension, but the bank had been drawn into the field of chance. It had previously adopted a practice of making advances to its customers upon their credit balances, and in this way had gradually taken chances in the flood with bankers and merchants, and thus went down with the many others amid the roar in the great financial crisis.

The system for clearings which was in vogue with the Gold Exchange Bank and which is now in use, as before stated, is based upon vouchers, or as they are called, buyer's and seller's advices, which pass between the parties at the time the transaction takes place. These tickets state the nature of the transaction and are handed in at the clearing house by the dealers, and with them a statement showing the entire transactions of the day. In the clearing house these vouchers are called comparison tickets, and are about the size and shape of an ordinary bank check and of the following form:

DELIVER.	No.	New York, .....188
	CONSOLIDATED CLEARING HOUSE OF N. Y., LIMITED.	
	You are advised that.....will deliver through the Clearing Department to-day to.....	
	.....Shares of.....	
	for \$.....Current Funds.	

FIG. 1.—*Dealer's advice for Delivery of Stocks.*

This is the seller's ticket and is printed in black ink. The one given by the purchaser to correspond with the above is printed in red ink and of the following form:

RECEIVE.	No.	New York, .....188
	CONSOLIDATED CLEARING HOUSE OF N. Y., LIMITED.	
	You are advised that.....will receive through the Clearing Department to-day from.....	
	.....000 Bls. Oil for \$.....	
	Current Funds.	

FIG. 2.—*Dealers advice of Receipt of Stocks.*

The rules of the clearing house require that the dealer's advice tickets shall be handed in before six o'clock upon the day of the

transactions. In the clearing house is a large case of pigeon holes, arranged much after the manner of the delivery department of a post office. Each member of the exchange is given his separate box or pigeon hole in the case, and as the advice tickets come in they are assorted by the clerks and placed in the box of the dealer for whom they are intended, ready for delivery on the following morning. From these tickets the dealer makes up his statement (see Fig. 3), and that at half past eleven is handed in for comparisons to be made.

An examination of the statement shows that it is made up on the principle of an ordinary ledger account. The dealer debits himself with stocks to receive and credits himself with stocks to deliver. The difference between the two sides is what is owing to or by the clearing house. If the amount to be paid exceeds the amount to be received the dealer is indebted and hands in his draft for the amount. But on the other hand, if the amount to be received is the greatest the amount is placed to credit of the dealer. All transfers of money are at present made through the Fourth National Bank, and upon drafts made especially for the purpose. (See Fig. 4). By reference to the statement it will also be observed that the account is not only one of money, but also of

APPROVED <i>Cashier</i> <i>Consolidated Clearing House</i> <i>of New York, Limited.</i>	No.....	NEW YORK,.....188
	THE FOURTH NATIONAL BANK of the City of New York.	
	Pay to the order of the undersigned,	
	.....Dollars,	
	as per advice of the Consolidated Clearing House of New York, Limited, of this date.	
	\$.....

FIG. 4.—*Draft for Clearing through Fourth National Bank.*

stocks. In this manner it becomes a compound double-entry account. The money values must not only be made to balance, but the shares of stock must be made equivalent. If a dealer has sold more shares of one kind of stock than he has bought of the same kind he must accompany his statement with the shares required to make his account of that particular stock balance. It is understood that at the time the transactions are made on the floor of the exchange there are no transfers between dealers. There contracts only are considered. The actual receipt and delivery of the commodity are matters left for the time of settlement. This introduces a new feature in the work of clearing. If a dealer has sold "short," that is has sold more shares of any particular stock than he has bought, he need not necessarily accompany the statement with the

exchange, and it governs all borrowing and loaning of stocks by the clearing house. Upon that basis the accounts between members of the exchange in their dealings on the floor are adjusted in the clearing department.

LONG.			
CONSOLIDATED CLEARING HOUSE OF NEW YORK, LIMITED.			
<i>New York,.....188</i>			
Please LOAN for my account and risk.			
<i>No. Shares.</i>	<i>Stock.</i>	<i>Deliver to</i>	<i>Price.</i>
	<i>Signed,</i>		

FIG. 6.—“Long” Order.

As indicated by the title of the exchange, stocks form but one feature of the dealings of this board. The purchase and sale of oil is an important element in the transactions of its members, and the explanations that have been made concerning the operations in stocks will apply equally as well to the operations in oil. The forms and settlements of the two commodities are made and kept entirely separate from each other. The printed blanks used for the two lines of operations are made clearly distinguishable not only by the wording but by the use of either different colored ink or different paper. The statement blanks for stocks are printed in blue ink, while those for oil are in black. In the oil statement the heading of the columns corresponding with “No. of Shares” as shown in the illustration (Fig. 3) are the words “Number of 1000 Bbl. Certificates,”

The clearing charges are per 1000 barrels and the rate $\frac{3}{4}$ of a cent.

That the principles upon which the working of this clearing establishment are based are simple must be inferred from the description given, and these have been briefly summed up in the following five clauses.

First—That all transactions are on one sheet, and eventually result in a money balance either on the credit or debit side, unless the selling prices are equal to the buying prices.

Second—That if there is no oil or stock balance on the sheet, that is, if the party has evened up, the money balance is simply his profit or loss.

Third—That if there is an oil or stock balance, the oil or stock has to be delivered with the sheet in the clearing house, and the money balance is the price to be paid or to be received for the oil or stock.

Fourth—That it does not matter what the goods are that are put on the sheet, providing the other party to the transaction has a corresponding entry on his sheet.

Fifth—That the money as well as oil or stock balance on all the sheets must balance if entered on one common balance sheet for each.

The clearing committee of the Consolidated Stock and Petroleum Exchange of New York, to which reference has been made, after thoroughly investigating the several systems in vogue and deciding upon the adoption of the Gold Clearing System, have united upon the following comparisons:

"*First*—That the ring system as practiced in the cotton and grain trade is the cheapest, as it requires no clearing house, but on the other hand it is primitive and incomplete, and does not lead to a real clearing of sales.

"*Second*—That the 'Hosford' and 'Osterberg' and other kindred systems are complicated on account of the two sheets, and what is more, work an injustice in the way of actual delivery in so far as a person may be obliged to deliver to another party than the one he sold to, and to a party he would not have sold to of his own choice. This part of their systems may also lead to complications and injustice, should the party who in the last instance has to take oil or stocks fail after notice to receive has been given. There is another grave objection in the mind of your committee to these systems, and that is that the first sheet which clears out all closed up contracts is not a delivery, but merely a difference sheet, and that therefore all those transactions may eventually come under the head of gambling transactions, no actual delivery taking place.

"*Third*—That all the objections attaching to any of the previous systems are avoided in what is known as the gold clearing system.

If any party fails, only those who made actual transactions with the party are affected. Actual delivery of all goods takes place, through the clearing house, and the exchange of advice orders is explicit on that point, and no case of gambling can be made out of that system. All transactions are actually cleared, and the delivery of the actual oil or stock takes place through the clearing house, which, if the clearing house is connected with a bank, gives great facility to members with moderate capital.

"*Fourth*—All the systems enumerated above can be used for daily, weekly or monthly clearings; that is, the clearing system has nothing to do with the style of trading. Much has lately been said by members engaged in the stock business against the gold clearing system. It is not with the clearances that the difficulty lies, but the fact that the members are dealing in an article which, as a rule, does not exist, and that is, ten share lots of stock. Most of the stock certificates are in one hundred share lots. A party selling a ten share lot 'short' sells not only what he has not got, but that which does not exist. If the party buying wishes to take them up this ten share lot has first to be created by division of a hundred share lot. This requires from one to three, and in some cases, even more days; hence the difficulty of delivery. In course of time when the members of this exchange and their customers carry more stock in ten share lots very little difficulty will be experienced in borrowing or loaning."

SELDEN R. HOPKINS.

BANK AUDIT—CAUSES OF ITS INEFFICIENCY, AND SUGGESTIONS FOR ITS IMPROVEMENT.

The following paper was read before the Bankers' Institute of Australia by Mr H. D'E. Taylor, and was first published in the *Australasian Insurance and Banking Record*:

In order to give as much interest as possible to my subject, and to stimulate discussion, I have decided to localize the scope of this paper, and to confine it to a consideration of the system we are familiar with, and of which we all have some practical knowledge and experience. As a justification for this course I may urge that if the principles to be set forth can be upheld for this limited range, they will be equally applicable to a larger one, and will be capable of extension from the city to the colony; from the colony to regions whose bounds are only limited by the banking organizations on which they depend.

At this early stage it may be as well to secure a clear understanding as to what an audit really is, to remove some misapprehension as to its scope, and as to the powers possessed by an auditor, which, it has been made apparent, exist in many directions.

After satisfying himself that the bank has kept within its powers, the duties of an auditor require him to conduct an examination of the books, to see that every entry necessitated by the transactions of the bank is

made in them, that these entries are correctly carried through the bank's books, and that the results which they express are correctly set forth in the balance-sheets presented to the shareholders. If he can do this, if he can certify that the bookkeeping is absolutely correct, and that he has had cash, securities, and documents produced to him representing the value of the bank's assets according to its books, his work is done. In Mr. Biggs' paper on "Audit" you will find Sir Stafford Northcote's definition of an auditor's responsibilities. He has "to certify whether the accounts give correctly and disclose truly the state of the company as shown by its books." Now everything depends on this definition, "as shown by its books." To forget it is to have a false idea of an audit. To expect an auditor to certify beyond it is to expect an impossibility. Indeed, I venture to say that no auditor should sign a balance-sheet without this proviso appearing over his signature.

It is no part of his duty to certify that the documents produced to him are of the full value they represent. He has nothing to do with the policy of the management, or the economy which is exercised in carrying it out. He is expressly debarred from inquiring into these points. Indeed, in nearly all cases a thoroughly competent auditor, from the nature of his training, his profession and his experience, would be anything but a reliable authority on such subjects.

This definition makes the examination by audit much more superficial, much less important than it is sometimes supposed to be. But it would be a great gain if a clear public understanding could be made to exist on this point. Much harm—very much harm—is done amongst investors who entertain exaggerated notions of an auditor's financial ubiquity; as, for instance, amongst those who imagine that the auditor's signature to a balance-sheet is a guaranty that all items set down as assets really possess the value set against them, whereas they only certify that these values appear against them in books, and may be—in some semi-insolvent companies they are—gross over-valuations. Much harm is also done in a minor degree to auditors themselves, who on occasion are severely and ignorantly blamed for not doing something which they were never intended to do, and were quite unable even to attempt.

The history of Mr. Benjamin Boyd, which was recently before us, is a good illustration to bring into sharp contrast the actual duties and investigation to which auditors are limited, and the imaginary powers with which some people wish to invest them. In the discussion some severe reflections were passed upon the London auditors for not having "done their duty," and closed that gentleman's career in a remarkably short space of time. It was simply impossible for them to have done so. The utmost they could have done was to call the attention of the shareholders to the fact that certain necessary returns were not forthcoming. When Mr. Boyd forwarded these, the London auditors would simply have had to accept them as correct, even if every entry in them was a false one. They had no means of checking them, beyond the actual addition of the figures before them, no power to control any of his speculations, no possibility even of knowing that his returns were not cooked from top to bottom. That rested with his local auditors, supposing that there were any.

In common fairness to those who act as auditors, it should be realized that there are many kinds of defalcation which it is impossible for them to detect. Victorian banks have not yet adopted checks similar to those of some home banks to prevent tellers substituting or destroying credit slips. Auditors cannot detect frauds committed by these means. Where the fraud is committed before any entry is made in the books, and the first entry is made to conceal it, the auditor is powerless, but

where the initial entry expresses the genuine transaction and subsequent entries are falsified to cover the delinquency, then the auditor should discover the discrepancy and detect the fraud. In many of the simpler frauds, and especially in those of a personal nature, the best auditor is the customer himself, and he does not seem to be made as much use of as he might be. A rigid insistence in banks of a rule that pass-books should be made up at frequent intervals, *being procured* when necessary, would have a deterrent effect on frauds of this description and a similar reason could be deduced for compelling the customer's assistance by returning his checks to him at short intervals.

Frauds, therefore, may be divided into two sorts, those which have been so effected that an audit will not discover them, and for which auditors cannot be held responsible; and those which can be prevented by a complete system of bookkeeping and of check. Here I feel I must take exception to the dictum laid down at one of our meetings, that the great object of an audit is the discovery of fraud. The first object of an audit seems to me to be not so much the discovery of defalcation and error as the prevention of such misfortunes. Why, sir! the object of detecting fraud with certainty and with speed is to prevent its being attempted at all. Detection is more the *consequence* than the *object* of audit; its effect more than its cause; and "Prevention" not "Punishment" should be the aim and motto of any association of auditors. The value of any system should be gauged, in the first instance, by the probabilities which it contains, and afterwards by the successes which it achieves in this latter direction. I take it that prevention should be the great object to secure, whether in the interest of the shareholders, who bear the loss; the management, which suffers in reputation; the profession, whose corporate honor is held up to ridicule and reproach; the officers, on whom fall the penalties of guilt, carelessness, or inefficiency; and the innocent involved in the ruin which attends such lapses, and whose sufferings and degradation are the keenest of all.

Having endeavored to effect a clear understanding as to the aims and extent of an audit, my subject naturally divides itself at this stage into two parts—first, to show the inefficiency of the system existing at present, and the causes which are responsible for it; secondly, to offer for your consideration such suggestions as would appear to me to render it more complete and satisfactory. And here I wish to make this distinct proviso, that they are not expected or intended to secure efficiency beyond the lines already laid down, or to prevent any of those impossibilities which an audit is so often expected to perform.

The debate at the December meeting of this Institute has relieved me of a large portion of my responsibility in connection with the first part. A consensus of opinion on the part of leading and responsible authorities then present showed that, amongst them at any rate, bank audit as at present conducted is looked upon very much as a farce. If bank auditors could retort, when charged that they had failed to make any useful discoveries, that they had prevented there being anything to discover, the answer would be complete, and this paper would be unnecessary. But the experience of most of us, even that most recent, is that the bill is a true one, and that even the limited duties set forth in this paper they seem unable to fulfill. Amongst local banks the Oriental, the Provincial and Suburban, and the Commercial Bank of South Australia have been frequently instanced by competent authorities as examples of "neglect" or "flagrant incompetency" on the part of auditors. "It seems to us" writes the *Insurance Review*, "that in many instances where companies have at length failed, and the shareholders have had to pay their money, it is in nine cases out of ten the result of an ineffi-

cient audit, and by *the taking for granted the statements which are made by officials.*" Accepting explanations is the great rock on which auditors split over and over again. The latest number we have of the *Banker's Magazine* declares audit to be a fallacy, and auditors to be a nuisance; while another publication has expressed the opinion that "auditing as a safeguard against defalcation seems to be a lost art, and exists only as a means of extracting guineas from shareholders."

The causes which combine to produce this state of inefficiency are known to all of you in a general way, but I shall make no apology for briefly directing your attention to the principal ones, because this course is really a statement of the errors which any efficient system should avoid. A consideration of them is therefore one of the main foundations upon which the closing part of my paper will be based.

First, there is the perfunctory character of an audit, which proposes to check the work of several months in a few hours. In such cases, totals and other accredited results have to be taken very much for granted. We all know, for they have been sworn to, some of the devices "*auditors*" have invented to get through their work in an expeditious manner. For instance, where many castings are involved, a kind of lottery is often instituted, one being checked here and there, on the chance that it may contain an error. If the few tried are correct, the rest are taken for granted. I have seen this done, and confess to a strong desire to suggest that the "*auditor*" should test the work by the arbitrament of a coin—should toss up. It is always urged as an answer to this allegation that the fees paid would not compensate the auditor for a longer examination. This is very true, but though unanswerable as an argument for not undertaking the duties, it is no excuse for half performing them. It involves this additional disadvantage—that the more efficient an auditor is, the more varied and complete his experience, the higher his business capacity and reputation, the less time he will have to devote to this work and the less likely he is to undertake it. And here is another cause of inefficiency. There is a danger—is it not more than a danger?—of this all-important work falling into the hands of some who have not had the preparation and the experience, or who do not possess the capacity which are necessary to qualify them to undertake it successfully. Unfortunately, auditing has never been raised to the dignity of a learned profession. Its professors need pass no examination, are under no compulsion, legislative or otherwise, to prove their fitness for their work before being allowed to enter on it. The doors are thrown wide open for anyone possessed of a self-confidence which may be either sublime or appalling, according to the temperament of the observer, to enter into the duties of a profession requiring, as much as any other, the possession of special faculties and their highest training—a training which at present, in many cases, if given at all, must be given at the expense and the risk of some monetary institution charged with the interests of hundreds of depositors and shareholders,

Such institutions seem to me to require the highest talent to certify to the correctness of their accounts, just as much as they require it to conduct their operations. It is like urging a truism to say that those who check should be equal in special knowledge to those who are checked and to those who prepare. There is an art—a little known art—in preparing a balance-sheet, which it requires an artist to understand. It would seem almost as wise to entrust this work to a junior clerk in such an institution as to place it in the hands of an "*auditor*" lacking the special training and experience necessary to fit him for the work.

Seeing the vast interests at stake, the number of persons whose welfare is involved, the misery and ruin to individuals, the blow to a

country's prosperity, and the shock to commercial credit which a serious bank failure involves, of all institutions in which an audit is necessary, that of a bank should be the most searching, the most efficient, and the most unquestionable.

The last causation of failure to which I shall refer lies in the method by which auditors are appointed—by election by shareholders. Without discussing the arguments in favor of this system, it is a matter of experience that it is not favorable to securing the most efficient men in the positions. Rather, and in this it does not differ from nearly all elections, it decides too often in favor of the one who may have the most influence of a special character, the greatest number of active friends, who may be the most energetic, or who may advertise himself the most in ways which are known. Such methods of demonstrating that one's qualifications are higher than those of any other candidate enable men to be successful in many cases, because shareholders have to a very large extent to take a man at his own or his friends' estimate of his capability. They too often vote for someone whom they have never seen, perhaps of whose business capacity they are so ignorant as not even to have heard, except from a circular or a canvasser, which, of course, are the most reliable authorities known to business men. Again, they are compelled in many cases to choose between giving their votes to someone else to use for *his* friend, or to abstain from the poll altogether. Such considerations as these are sufficient to cause first-class men—men whose time is too valuable to be spent in canvassing for what, to them, are mere catchpenny positions; men whose professional standing and personal honor is too high to allow them to descend to touters' tactics, men whose business reputations might suffer from defeat, or who are unwilling to incur the annoyance which it causes—to abstain from the contests altogether.

The special reforms around which my suggestions will center will therefore aim at securing the highest professional skill to conduct bank audit, and to insure this will endeavor to provide:—Firstly, security of tenure; secondly, adequate remuneration; thirdly, exhaustive and continuous check; resulting, in the fourth place, in the prevention of certain classes of fraud from the difficulty of concealing them; and fifthly, in the immediate and unerring detection of all others which an audit can find out. Further, I hope to show that, put in operation, they would prove highly beneficial to the banks themselves, to the auditors who would be appointed under them, and to bank officers as a whole; in short, that the only interests which would not be advanced are those of the gentlemen acting as auditors at present.

In order to give security of tenure it will be necessary to do away entirely with the present method of election, and place it in the hands of some permanent and controlling body. Such a body exists in the Council, consisting of the representatives of the associated banks—the banking parliament, so to speak. The first suggestion I have to make, the basis on which all the others will be built up, is that the appointment and removal of bank auditors should be placed in the hands of this body.

The primary difficulty in the way of adopting this suggestion lies in securing the consent of the shareholders in the various institutions. Here we have to meet the struggles which will be made by the representatives of vested interests, actual and prospective, to prevent such a reform. But I am sanguine enough to believe that if the directors of the various banks were to recommend its adoption as a means of securing a reliable audit, that a sufficient number would adopt their views, and that the remainder would shortly, from a consideration of their own interests and the pressure of public opinion, follow. The first exposure under what

would be the old system would drive those who still retained it into the newer one. This difficulty (and all new propositions have to overcome initial difficulties) is by no means an insuperable one. The power of removing auditors should also be entirely in the hands of the same body. I consider this proviso most important, *indeed, essential*, to secure thorough independence for their action and report.

They would know that if they found it necessary to present reports on any institution, which even the shareholders, to say nothing of the management, might resent, their positions would not be shaken thereby. Any challenge or charge against their capability, probity, or strictures would come before a board composed of experts, interested above all things in securing a sound financial position in every member of their body, and in maintaining the severest checks to secure it.

The positions of Inspector of the Clearing House and of the Secretary to the Associated Banks form precedents for placing such appointments in the hands of this body, and you all know the value placed on precedents by deliberative assemblies.

The next suggestion, in order to provide adequate remuneration, is that the official bank auditors shall be limited to a small number—for the purposes of discussion say one, two, or three—to be paid from a fund contributed to by the associated and such other banks as desire to secure their services. Such an auditing board charged with the responsibility of certifying to the correctness of the accounts of all the subscribing banks would require to be composed of men equal in ability to the managers and accountants they had to check. They should therefore be placed not only on an independent footing, but also on an equal one. The amount which they should receive will depend on the number of banks willing to combine in supporting such a scheme, and the amount each is prepared to contribute. I look upon £1000 a-year for each auditor as the least which should be proposed even at first, and that, as other institutions fell into the co-operation, this amount should increase to an extent only limited by the number and amount of the contributions. Salaries like these would secure efficient men, who would devote the whole of their time to their work. In such a provision lies one of the great guaranties for success in making an audit as perfect and efficient as possible. Auditors holding office under these conditions would become something more than auditors as we know them. They would become bank officials appointed by bank authorities, looking to banks for their remuneration, interested in banking successes, pledged to maintain bank secrets, placed in independent positions to secure financial soundness for banks, responsible to *two* public bodies, bank shareholders and a banking council—one a protection against harsh treatment by the other, the latter a security against unfairness or indiscretion in their reports. Under these circumstances their investigations might, by agreement, be extended deeper than the law actually allows at present, and an additional security for shareholders be obtained, which it is hardly possible to provide in any other way.

In order to obtain continuous and exhaustive check, which all agree is necessary, the whole time of these auditors should be devoted to their work. In this provision lies one of the great guaranties for making the audit as perfect and efficient as possible. It should be an absolute necessity that one of such auditors should attend at each co-operating bank at very short intervals to check such cash, books, &c., as he considered necessary. This would prevent work accumulating, and to that extent render checking easier, and do away with any inducement to rush through it. It would also keep the audit close on the heels of the work and so discover any discrepancy almost immediately. Further, when

the auditors reach the number of three, the same auditors should not always attend the same banks. They should interchange their work constantly, checking from the last signature of a colleague, having previously secured the date from him. It would also be advisable that the same two auditors should not sign successive half-yearly certificates. These smaller matters, and such little difficulties as several banks balancing on the same dates and requiring simultaneous audit, could easily be adjusted by previous arrangement. Indeed, from the continuous audit being brought up to within say a fortnight of the date of balancing, this particular portion of the work would be so lightened that this difficulty would to a large extent disappear. Under such a system and with such conditions, *false entries and such defalcations as an audit can disclose ought to be discovered within a few days of their taking place.*

This knowledge would go far—very far—to prevent their being committed at all, which I have before stated I take to be the highest aim to be secured. It is easy to realize that men occupying responsible appointments—permanent and highly paid—would study their duties, so as to retain them. They would know that every lapse coming to light while they retained office would be investigated as a charge of dereliction of duty, and that their positions would be imperiled if they had failed through their own *lâches* to detect it. If it arose from causes for which they could not be blamed, its discovery would prevent such a plea in the future. They would be on their mettle to suggest a method of preventing its recurrence, and place it out of the power of the auditors or bank officers (according to where the responsibility might lie) to put forward a similar excuse again.

In their own interests one of their first duties would be to study every case of defalcation in the past in order to learn the means by which it was concealed, and by the light of that knowledge to discover the checks which would prevent similar methods from being successful a second time. They would erect a structure of bank audit on a foundation of bank error and bank loss. Their time would be occupied in close investigation and analysis of the various systems of bank bookkeeping, and of all the possible combinations by which they might be deceived, resulting in the development of a uniform system of bank books of the most perfect description obtainable; the rejection or alteration of any found to increase work without adequate return; and the development of their system of check to such a pitch of accuracy that false entries could never go beyond a short distance without declaring themselves.

It is a common saying that any smart bookkeeper can deceive an auditor. Like many common sayings, it has a superficial smartness—a ring which causes it to be passed as genuine coin. Applied to the present method of bank audit it is quite true. Indeed, the *Banker's Magazine* declares that any smart clerk can do it. As an abstract objection against audit as a check, I do not believe it. For if the same amount of care, time, and ingenuity displayed in inventing systematic false entries were applied to prevent their being made at all, such sweeping conclusions would speedily be abandoned. But you can never expect these results to arise from the present want of system which employs a number of individuals, separate and disconnected, with interests opposed to each other, each full of his own occupation, of which bank audit only forms a small part, to which he can only give a few days, often snatched and grudging from his own business, and only performing, as men must only be expected to perform, as much (or as little) as will enable him to claim his check. These conditions are so well understood and accepted by shareholders that responsibility under the present system is a myth. The highest penalty that has yet been inflicted on any auditor is the loss

of his audit, not a very heavy loss to a man even in moderate business, hardly a loss at all to a leading one. And even this is not inflicted. We find, under such circumstances, men re-elected again or re-appointed a little later on.

To secure the highest efficiency in bank audit it should be made a profession to be mastered only by a long course of study and training. As in other professions, it should be a man's accepted means of livelihood, to fail in which means loss of position, loss of *prestige*, loss of salary—in short, means failure in life; and which, therefore, contains the strongest incentives, the most imperative duty, to perfect himself in all its principles and details. Given these conditions, these interests, these incentives and these penalties, and I think that we should soon, as far as banks are concerned, read the proverb in a different manner.

But you may ask, where are the men who have the necessary training, who have gone through the course of study, who are competent for the work, who can be termed "professional" men in this sense? It is easy to answer. They are in the banks, and it is from the banks that such auditors as I have described should be appointed. The great prizes of the banking profession are few, and are confined to the general inspectors and managerships. To gain such a post requires special qualifications, quite different from those required by an auditor. The special qualifications for the latter are those which distinguish the inspector or the accountant (when the latter happens to be synonymous with the bookkeeper), whose knowledge of the bank methods, their capability and operation, their weakness and their failures, should be complete to the smallest points. A faculty for organization and for keen and lynx-eyed analysis, a thorough knowledge of the science of figures, a capacity for mastering detail, a painstaking correctness extending even to minuteness, together with the instinct of suspicion and the quality of caution developed to an unusual degree, are the characteristics to fit a man for such a post. A slow man, you say. Aye, but a sure one! Sure above all things. Such qualities would never make a general manager. They are not wanted to. But I believe there are men in the profession possessing them—men who, from the development of such valuable qualities, are as practically shut out from its highest awards as are those who do not possess them at all. And here is another benefit—a great one, as I think it—which will be derived from the adoption of such suggestions as I have endeavored to put before you. They will add valuable prizes to a profession which does not offer too many to those who have embraced it. They divide it into two distinct branches, with distinct ultimate honorable goals. The ablest men in the services, recognizing the one for which they are best fitted, will specially prepare themselves for its highest offices. The aims of each will be recognized, a school of specialists will be formed in each branch, the competition for each office will be more limited, and the danger of placing a round man in a square hole will be decreased. The incentives to the younger officers, who, even now, have to look far more to their dim hopes of the future than to their present salaries and immediate prospects, will be doubled, and the most powerful inducement, a *practical one*, given to them to devote all their abilities and energies to attaining a mastery of that branch of the profession which must be their life study if they are to succeed in it at all. They will have a practical inducement to work for all those advantages, which this Institute was established to assist them to secure.

To effect this, means to raise the standard of the profession, not only inside itself, but with the public outside, from its lowest foundations to its highest pinnacles, than which no better object can engage our attention.

Any scheme which even remotely promises such results is well worthy of our deliberation, and when, in addition, it promises to decrease the perils of managers, to allay the anxieties of shareholders, and increase the confidence of the subscribing and investing public, it has established claims even to the consideration of that greater body which sits in judgment on the financial world—the banking parliament. There is no want like the want of backing up, and in bringing a subject of such importance before you I have ventured to hope for the influence of the Institute for such of these reforms as commend themselves to your approval, for such as appear likely to secure any radical, effective, and lasting improvement in what is admitted to be the most unsatisfactory branch of the banking profession.

DUTY OF DIRECTORS AND THEIR LIABILITY.

CIRCUIT COURT OF COOK COUNTY, ILLINOIS.

George M. Bogue v. William F. Tucker.

A director who ignores his duty, and by failure to attend meetings of the board, leaves the active management of the affairs of the corporation to other directors, is thereby guilty of such gross negligence, as will make him responsible for many of the acts, if not all that are not positively fraudulent, of those to whom he left such management.

TULEY, J.—The Chicago Life Insurance Company commenced business in 1867 with a subscribed capital of \$100,000, which was subsequently increased to \$125,000, and continued until the 7th of July, 1877, at which date, upon the petition of the State Auditor, filed under the "Act in regard to the Dissolution of Insurance Companies," the complainant was appointed by this Court, receiver of the corporation, with the usual powers of a receiver. The receiver, with whom is joined a creditor of the company, now brings this bill against the defendants, who were members of one or more of the boards of directors from 1871 to 1877, seeking to make them liable for the deficiency of assets to pay the liabilities of the corporation, estimated by the receiver to be over \$374,000.

The bill charges, that the defendants occupied a trust position toward the company and its policy holders, and that in the performance of their duties as directors, they were guilty of such negligence and breaches of trust, as to render them liable for the losses of such policy holders, and the other creditors of the company. The allegations of the bill, which are admitted by the demurrers to be true, are in substance as follows:

That the subscribers to the capital stock paid but ten per cent. upon their subscriptions, giving for the remaining ninety per cent. demand notes, some of which were secured by interest bearing collaterals, which interest the owners of the collaterals were allowed to collect for their own use. That although, during the entire period from and inclusive of the year 1871 down to the appointment of the receiver at the suit of the auditor in 1877, the company was insolvent, and at no time had assets equal to the reserve required by law, the directors declared and paid dividends out of earnings in 1873, 1874, 1875, and 1876 at the rate of ten per cent. per annum to the stockholders, none of whom, as stated, had paid more than ten per cent. upon their stock.

The bill sets out various provisions of the by-laws intended as safeguards against frauds, and checks upon officials, among others, one

requiring the treasurer to make a report as to the financial status of the company, to the Board of Directors at their regular meetings, and one requiring the appointment by the board, annually, of an examining committee to examine and report upon the accounts of the secretary and treasurer; that during all of said period no such report was made or required, and no such examining committee was ever appointed.

The bill also alleges that during this time, annual statements were made to the State Auditor, based on similar statements made at the stockholders' annual meetings and approved by the financial committee—which were fictitious and grossly false in many respects, to wit, as to the solvency of the corporation, as to the amount of its assets and liabilities, as to loans secured by stocks, bonds and collaterals, which loans and securities were not the property of the company; false, as to the capital stock being fully paid, as to interest received on investments, and as to the amount of the company's expenditures; that these fictitious and false statements were extensively published by the auditor as required by law; that corresponding statements were sent out to all the agents of the company throughout the United States for the purpose, and were used for the purpose of inducing persons to take insurance in the company, and that a large proportion of the present policy holders were thereby induced to become such.

While all these allegations are admitted by demurrer to be true, it is contended that they are insufficient in law, for the reasons:

1st. As to the failure to call in the demand notes and put the proceeds at interest, that no such duty was imposed upon the directors, and that it is not alleged that any of the moneys called for by the demand notes were lost to the company by their failure to call in the same.

It may be that this averment, standing alone, might be insufficient to fix any liability upon the directors; but when it is taken in connection with allegations that only ten per cent. was paid on the stock; that the company was insolvent as early as 1871, and never from that date on until it was seized at the suit of the auditor, had assets equal to the reserve required by law, it shows a neglect of duty on the part of the directors certainly, in not calling in the demand notes. An agent, who, under like circumstances, would allow such demand notes to run for a period of five or six years, and until his principal was declared bankrupt, I apprehend would be deemed guilty of gross negligence. The directors of a corporation are agents of the corporation, and liable as such; and while it is true that they are vested with a large discretion in the management of the corporation affairs, and that good reasons may have existed for their failure to call in these demand notes, yet *prima facie* it was gross negligence, and puts upon them the burden of explaining or excusing their actions.

2d. As to the payment of dividends.

The payment of dividends out of earnings from premiums upon unexpired risks, when the company had not assets equal to the required reserve, was clearly a breach of duty. It is, however, contended that the defendants are not liable as to the illegal dividends, because it is not alleged that the directors knew that the company was insolvent, or knew that it had not assets equal to the reserve required by law.

The objection is not tenable. It was the duty of the directors to inform themselves as to the financial condition of the company, and as to what funds had to be used in the payment of the dividends, whether it was net earnings or part of the capital. Their ignorance is no excuse. It may be that they were deceived by false information or doctored books upon which they had a right to rely, but *prima facie* it was a

misapplication of the corporate funds, either intentional or arising from gross negligence, and must be satisfactorily explained to avoid liability.

It is objected that there is no allegation that the corporation cannot recover the dividends from the stockholders who received them. The company may have a right of action against such stockholders, but *prima facie* it was a misapplication of corporate funds, for which, the directors, being trustees, are primarily liable to the corporation and to its creditors.

As to the false annual statements sent to the auditor and to the agents of the corporation, it is objected that it is not alleged that the directors ordered them made, or sent out, or if they did, that they knew the same to be false and fictitious. It was their business and duty to know at least the general management of the affairs of the company, and if these grossly false statements were, as alleged, made for a number of years in succession, printed at the expense of the company, sent to the company's agents and circulated by them—it was gross negligence, if they, the directors, did not discover that they were being so sent and circulated and that they were false and fictitious.

It is not necessary, in my opinion, to allege that the directors knew of the statements being sent out, and knew their false and fictitious character; if a state of facts be alleged which shows that they performed their duties in the management and control of the corporation as agents and trustees, they would, unless guilty of gross negligence, have known the same. The facts here alleged, considered with the by-laws, present such a state of facts.

It is also contended that these false annual statements were made by the president and secretary, one or both of them, and they being the officials who had such matters in special charge, the directors are not responsible for the acts of such officers. It is true as a general principle that directors are not liable for the wrongful acts of other officers or agents of the corporation, committed while not acting under their orders or direction. They are not guarantors of the integrity or good conduct of their officials, but they may become liable by reason of their own breach of duty. It is the duty of directors to supervise the actions of each other, and of the other officials of the corporation; and if, through gross neglect of their duties, the corporate funds are wasted or misapplied, or frauds are perpetrated upon other persons, which could not have happened had the directors performed their duties by giving that attention to the business affairs of the corporation required of them by law, to wit, such attention as an ordinarily prudent and cautious man would give to his own business affairs, then, in such case, the delinquent directors will be liable to the corporation, and to those who may be injured by reason thereof.

I do not wish to be understood as holding that, for a single false annual statement, signed by the president and secretary and sent to the auditor and agents without their knowledge, the directors would necessarily be liable (they might be under some circumstances), but that as to those directors who continued in office for a number of successive years during which such false statements were annually made, they would be guilty of such persistent, continuous negligence in the discharge of their duties as to make them liable for what is termed *crassa negligentia*, or gross negligence, constituting a negative breach of duty, as agents and trustees of the corporation.

OWNERSHIP OF TRUST DEPOSIT.

SUPREME COURT OF MINNESOTA.

Third National Bank v. Stillwater Gas Company.

A person obtaining property by fraud acquires no title to it, but it is held by him and all persons claiming under him with notice, in trust for the original owner.

Equity will follow money or other property through any number of transmutations and preserve it for the owner. So long as it can be traced and identified in either its original or substituted form, it belongs to the original owner if he elects to claim it.

Although the relation between a bank and its depositor is that merely of debtor and creditor, yet the fund does not change its character from the fact that the money has been deposited in bank to the credit of the depositor. If the money in his hands was impressed with a trust in favor of another, the deposit will remain subject to the same trust.

MITCHELL, J.—Appeal from an order overruling a demurrer to the complaint. The question raised by the appeal is whether, upon facts alleged in the complaint, the respondent is entitled to have a trust in its favor impressed upon a certain sum of money in the hands of appellant. These facts, so far as they bear upon the question, are, we think, fairly stated in the brief of respondent. They may be perhaps even more briefly stated, according to their legal import, as follows:

R. W. Kerr, by fraud and deceit, obtained from respondent a loan of \$3,500, the amount being placed to his credit and subject to his draft or check, in respondent's bank. Kerr afterwards drew out the money, and placed it in the possession and control of E. W. Kerr as his agent, by causing it to be deposited in a bank in Stillwater to the credit and subject to the check of said E. W. Kerr. Subsequently, the appellant, by fraud and false pretenses, induced E. W. Kerr, as agent of R. W. Kerr, to pay over the money to it, the appellant, which he did by check upon the Stillwater Bank. Subsequently R. W. Kerr died insolvent. To impress this money, in the hands of appellant, with a trust in favor of respondent, and to recover the same, this action is brought.

It is elementary that a person obtaining property by fraud acquires no title to it, but it is held by him, and by all persons claiming under him with notice, in trust for the original owner. So long as the property can be identified in its original, or in a substituted form, it belongs to the original owner, if he elects to claim it; and if it passes into the hands of an innocent purchaser for value, the title of the defrauded owner, at his option, at once attaches to the avails, so long as their identity is preserved, no matter how many transmutations of form the property has passed through. So long as the trust property can be traced and followed into other property into which it has been converted, that remains subject to the trust. The product or substitute has the nature of the original imparted to it. The depositing of trust money in a bank, although it creates the relation of debtor and creditor between the bank and the depositor, does not change its character or relieve the deposit from the trust. It is not the identity of the form, but the substantial identity of the fund itself, which is the important thing.

In support of these propositions, and as illustrating the extent to which courts of equity have carried this principle, see *Taylor v. Plumer*, 3 Maule & S., 562; *Pennell v. Deffell*, 4 De Gex, M. & G., 372; *Frith v. Carliland*, 2 Hemming & Miller, 417; *Knatchbull v. Hallett*, 13 Ch. Div.,

696; *Overseers of Poor v. Bank*, 2 Grat., 544; *Van Allen v. Amer. Nat. Bank*, 52 N. Y., 1; *People v. City Bank*, 96 Id., 32; *Craigie v. Hadley*, 99 Id., 131; *Whitley v. Foy*, 6 Jones Eq. (N. C.), 34; *Farmers' Bank v. King*, 57 Penn. St., 202; *Peak v. Ellicott*, 30 Kan., 156; *National Bank v. Ins. Co.*, 104 U. S., 54; *McLeod v. Evans*, 28 N. W. Rep., 173.

Some cases go so far as to hold that the trust character still adheres to money, even though it cannot be traced into any specific property. In the case at bar, it is not necessary to go to any such length, in order to charge this money in the hands of appellant with a trust in favor of respondent. Notwithstanding the various changes and transmutations through which it passed, the money that has gone into the hands of appellant is readily traced up and identified as the same money which R. W. Kerr obtained from respondent by fraud and deceit, and is separable and distinguishable from any other property or assets of Kerr. It is unimportant that when appellant fraudulently obtained the money from Kerr, it did not know that he had obtained it by fraud from respondent. Kerr certainly could have claimed the money from appellant, and upon the principles of the cases cited, respondent is at least subrogated to all the rights Kerr had.

This disposes of the main question in the case. The appellant, however, further contends that the complaint is insufficient because it does not allege that at the time of demand, or at the time of bringing suit, it still had the money it had thus fraudulently obtained. It is sufficient answer to this to say that having traced the money into appellant's possession, it is presumed to be there still. If the money was returned to Kerr before the demand, that would be a matter of defense.

Some point is made as to the form of the action. If a complaint states a cause of action, it is no ground of demurrer that it prays for the wrong relief. But with reference to future proceedings, we may add that this action was properly brought as an equitable one, to enforce a constructive trust, in which all parties interested in the disposition of the fund sought to be reached are proper parties.—Order affirmed.

STOCK DIVIDENDS.

Where there is no statute against the declaration of stock dividends by railroads or other corporations, the matter usually regulates itself. In Massachusetts the general law provides that a railroad must not "without authority of the General Court, increase its capital stock . . . or declare a stock dividend." The Boston & Albany stock dividend of 1883 did not infringe this statute, because the railroad merely purchased from the State certain shares of its stock owned by the latter. The railroad did not create any new stock, but merely bought stock already in existence, and paid for it in bonds authorized by a special act of the Legislature.

The railroads of the West have reasons for being permitted to make large distributions of stock and cash dividends among their stockholders which do not exist in the thickly settled communities of the East. Nothing but the hope of profits far in excess of ordinary interest rates would have induced investors to embark their capital in the railway enterprises which have penetrated the unsettled wilds of the West and transformed them into fertile farms and smiling villages. In the East the railroads have come among an existing population, while in the West the population has been drawn thither mainly by the railroads, and

the latter are consequently as much entitled to the rise in the value of their own property as are the surrounding farmers and owners of village lots to the similar advance in the value of their real estate, which has been brought about by the growth of the country.

The Western Union Telegraph Company affords an illustration of a heavily watered stock. But in the case of *Williams v. The Western Union Telegraph Company*, the New York Supreme Court said: "So long as every dollar of stock issued by a corporation is represented by a dollar of property, no harm can result to individuals or the public from distributing stock to the stockholders."

The Court decided in this Western Union case that when a corporation has a surplus of earnings over its debts and capital which are properly applicable to the payment of a dividend, it may, where it has the power to increase its stock, declare a dividend of stock, and retain the money for permanent improvements.

In the case of the New York Central Railway Company, the facts in regard to its famous scrip dividend of 80 per cent. in 1878, were recited by the United States Supreme Court in a case involving the right of the Government to tax that dividend. For years the old company (New York Central) had earned moneys greatly in excess of their current expenses without any satisfactory scheme being suggested to render such accumulating surplus available to their stockholders, as they were not authorized to increase their capital, and were forbidden by law to make dividends for the benefit of the stockholders beyond 10 per cent. Difficulties of this kind existing, the excess of earnings beyond current expenses had been expended in constructing and equipping their railroad, and in the purchase of real estate and other properties, with a view to the increase of their traffic. Accumulations of that kind had been appropriated in that way until they amounted in the aggregate to 80 per cent. of the capital stock of the company.

In this New York Central case the capital was fully paid; 10 per cent. per annum on the capital was divided among the stockholders; neither the cash dividend nor the stock could be increased, and as a last resort the company issued the certificate, which amounted to an 80 per cent. dividend, to the stockholders. The New York Central, in 1869, distributed another dividend of 27 per cent. upon its own stock and 85 per cent. upon the stock of the Hudson River road, on the occasion of consolidation with the latter company.

But while the legal propriety of stock dividends in the case of some railroads and other corporations cannot be denied, the expediency of such a method of dividing surplus profits is often questionable. Its large watered capital interferes with present dividends upon New York Central stock more seriously than does the guarantee of the West Shore railway bonds. The interest of \$2,000,000 upon the West Shore 4s is equivalent to less than $2\frac{1}{4}$ per cent. per annum upon New York Central's \$90,000,000 of capital.

When the Atchison, Topeka & Santa Fe railroad declared its stock dividend of 50 per cent., in 1881, President Coolidge remarked that there seemed to be no end to the earning capacity of the property. A difference of opinion will probably always exist as to the wisdom of that stock dividend. Those shareholders who believe in the Atchison's policy of extension in Texas and the territories say the stock dividend of 1881 was the worst thing that ever happened to the road, while those who defend the stock dividend are usually critics of the transcontinental and Texas extensions.

The policy of the great manufacturing companies of New England in the matter of stock dividends has been in notable contrast to that of the

Western railroads managed by the same men as the New England mills. The Pacific mills at Lawrence have built up a plant which could not probably be replaced for four times their capital stock of \$2,500,000, but no change has been made in capitalization. The Amoskeag Company, at Manchester, gave their shareholders a dividend in the stock of the Amory mills in 1879, but the Amoskeag property could not probably be replaced for four times the company's capital of \$3,000,000. The Merrimac Manufacturing Company, at Lowell, has made no increase or capital since 1849, although the plant of the company has been vastly enlarged and improved since that time.—*Boston Advertiser*.

BANKING IN CALIFORNIA.

The status of banking in a city or State means the progress of civilization and wealth in the community; as Europe began to grow more civilized and wealthy, banks were established as the natural and legitimate successors to the London and Hebrew money-changers of earlier days. In California the banker was an important factor from the very days of the Argonauts. The gold that the State produced so lavishly could not be handled without the aid of the banks, and the banking business was accordingly a very important factor from an early day. Away back in the fifties and long subsequently the banks were all private corporations, the reason being that there was no provision made by the law for their proper incorporation. For this reason accurate data of the business of those early times is not easy to obtain. It is safe, however, to say that from the fifties to the present day, banking has been extremely profitable to those engaged in it, as witness the princely dividends paid by our leading banks, some of which have more than trebled the amount of the subscribed capital. The old rates were 1 per cent. per month, or higher, and dividends of 1 per cent. per month were made by many of our banks for a long series of years. The first California bank was opened by the late Henry M. Naglee in 1849. Burgoyne & Co., B. Davidson, Wells & Co. and Jas. King of Wm., founder of the *Bulletin*, soon followed. Adam & Co., D. J. Tallant, Page, Bacon & Co. and Felix Argenti were found in the business in 1850. The purchase of gold dust formed the principal part of their business. They had 25 to 33 per cent. profit, and to use a common expression, made cords of money. The express companies now opened banking departments. California was, on account of her production of gold, deeply attached to a metallic currency, and always held on by gold or silver, even in the era of paper money. An early form of currency was bars stamped all the way from \$5 to \$50 by assayers, which passed for these values. They had about 12 per cent of silver. In 1850 Congress passed a law for the establishment of a mint here, but slugs still continued as money, as August Humbert, the Mint Director, made a contract with Moffatt & Co. to issue ones of \$50 each. Away in the early days as high as 10 per cent. a month was charged for money. Sometimes even 20 per cent. was charged. But these, like the moments of a fevered dream, have passed away to return no more. It is better for bankers and all concerned. The old era of banking was ended forever by the failure of 1855, which closed most of the banks and ruined tens of thousands. Ex-Governor Burnett and Ralston inaugurated the new era of banking in California. In 1863 the former helped to organize the Pacific Bank, then known under a slightly different name—in 1864 Ralston helped to organize the

Bank of California. The former had a nominal capital of five millions—the latter one of two millions, afterwards increased to five millions. From these beginnings the present system of banking grew. The Bank of Nevada came in as a factor later on, with a capital at first of ten million dollars. The Anglo-Californian Bank was organized in the year 1873 with six millions of capital. And arising like a phoenix from the ashes of 1855, the present system of California banking by degrees developed itself.

The first Board of Banking Commissioners of the State took office May 16, 1878, and made their first report June 30, 1878. It is interesting to compare that report with the last one issued:

COMMERCIAL BANKS.

	<i>June 30, 1878.</i>	<i>Jan. 1, 1887.</i>
Capital paid up.....	\$23,628,931 83	\$17,805,742 00
Surplus.....	6,665,348 65	10,694,781 06
Loans on personal security....	12,794,466 34	21,191,146 86
Cash on hand.....	8,046,759 29	8,130,704 84
Total resources.....	57,770,307 57	71,354,204 86
Deposits.....	24,440,891 47	36,595,035 73

FOREIGN BANKS.

	<i>June 30, 1878.</i>	<i>Jan. 1, 1887.</i>
Capital paid up.....	\$9,227,538 03	\$9,447,000 45
Surplus.....		214,903 16
Loans on personal security....	5,719,160 85	8,860,457 61
Cash on hand.....	2,980,108 03	3,169,359 39
Total resources.....	13,913,374 86	18,809,426 33
Deposits.....	4,218,958 96	7,999,118 22

SAVINGS BANKS.

	<i>June 30, 1878.</i>	<i>Jan. 1, 1887.</i>
Capital paid up.....	\$4,659,503 14	\$3,961,272 10
Surplus.....	3,001,444 60	2,856,816 72
Loans on real estate.....	59,132,312 41	41,785,313 39
Cash on hand.....	3,764,350 03	2,195,681 21
Total resources.....	80,248,687 82	73,526,738 02
Deposits.....	71,468,581 36	66,196,189 54

Here we note a decrease in capital paid up of the commercial banks of about 25 per cent. This is because they found that they could do the same business on a very much smaller capital. The California Bank reduced its capital from \$5,000,000 to \$3,000,000, the Bank of Nevada from \$10,000,000 to \$3,000,000. Here at once is a reduction of \$9,000,000, or nearly double the amount referred to, showing that much other capital has been added. There has been a slight increase in the capital of foreign banks. In savings banks there has been a decrease on account of the failure of several some years ago. The surplus of the commercial and foreign banks has nearly doubled; that of the savings banks has declined in proportion to the decline of capital nearly. The loans on personal security in the commercial and foreign banks have increased from about eighteen to thirty millions—a great increase—one of about 66½ per cent. This is an indication of the increase in business here. The loans on real estate by savings banks have decreased from say fifty-nine to forty-one and three-quarter millions, partly on account of the banks that failed, partly because a great many people have paid off old mortgages, some that have renewed them or made new ones. The total cash carried by all the banks is somewhat less than it was at the period referred to, as it takes less to carry on business with, and as it is all more generally employed. The resources of the commercial and foreign banks have increased from \$71,683,742 43 to \$90,163,631 19, or thirty per

cent. nearly. The resources of the savings banks have declined. The deposits in commercial and foreign banks have increased from \$28,659,-850 43 to \$44,586,253 95, or about 57 per cent. To sum up—the total resources of eighty-four banks on June 30, 1878 were \$151,932,430 15, their deposits \$100,128,431 79, while on January 1, 1887, the resources of ninety-eight were \$163,690,369 21, the deposits \$110,790,343 49. So that we have made a notable increase, despite the failure of savings banks already referred to.

The capital and resources of our private banks are unknown. That of the National Banks in the State on Dec. 28, 1886, were? Capital, \$5,660,008; reserve, \$23,600,253. There were 26 such banks. Deposits were \$13,864,144. They had been, most of them, the growth of a few years past. Adding these, the total ascertained resources of our banks, Jan. 1, 1887, were \$187,290,622 21; deposits \$124,654,437. Counting the private banks, the total resources of California banks cannot be far from two hundred millions of dollars.—*Commercial Herald*.

CENTRALIZATION IN BUSINESS.

The tendency to centralization in business—to the concentration of mercantile and manufacturing and transportation interests in the hands of large concerns employing greater aggregates of capital and labor under one head than heretofore—is everywhere noticeable. The merchant finds that four or five times as much capital is now required to secure the same income that he obtained before the war or even at a later period. The cotton or woolen manufacturer realizes that the number of spindles or sets of cards which he operates must be similarly increased if dividends upon his capital are to be continued. The cotton spinning interests of the city of Lowell are mainly in the hands of seven corporations, operating to-day a total of 800,000 spindles. Twenty years ago the same corporations operated but 400,000 spindles, and were then eight in number, two of them having been since consolidated.

Fifteen or twenty years ago the buyer who went to Lynn to purchase shoes visited numerous small wooden factories in which his goods were made. The shoe business of Haverhill was mainly in the hands of similar small concerns as late as ten years ago. But within the past decade the policy of centralization has manifested itself in the latter city also, and huge brick factories have taken the place of more numerous wooden shops.

Pursuing the same line of investigation among transportation interests we find that multitudes of small express companies have been swallowed by two or three great corporations whose mechanism covers the continent, and who will carry a package from Boston to Omaha about as cheaply as it can be sent by special messenger from State street to Commonwealth avenue. Among railroads the tendency to centralization is especially noticeable. Ten years ago the largest railroad corporation in the United States comprised but about 1,400 miles of main line and branches. To-day quite a number of great corporations in the Western and Middle States own and operate from 3,000 to 4,000 miles of road each, and are constantly increasing their mileage through new construction and consolidation. The same concentration of capital and enterprise is manifested in the consolidation of steam railroads in New England, and in the proposed union of the street railway companies of Boston. In

the dry goods trade the tendency is to larger and fewer houses. In the provision business one or two men control the mutton trade of Boston, and the beef supply of all New England is under the control of half a dozen persons.

The natural tendency to the centralization of business forces may be, and frequently is, unduly accelerated and distorted. The Napoleonic ambition of a merchant or manufacturer induces him to resort to various questionable expedients for the purpose of increasing his domination over the branch of business in which he is engaged. In all of these instances the moral features of the policy pursued are to be judged by the methods employed no less than by the results achieved. The great merchant or manufacturer who expands his business by oppression and parsimony toward his employes, or by unmercantile methods toward his associates, or by unpatriotic conduct toward the government, or by false and unkind relations with his fellow men in general, cannot be justified by any subsequent degree of success.

There are artificial combinations of capital which are also unjustifiable. Combinations between a great manufacturer and a railroad company, by which the latter enables the manufacturer to crush competition and to promote a monopoly, are contrary to public policy. It is doubtful whether even combinations between men in the same branch of business for the purpose of regulating trade and prices are beneficial to those concerned in them. Many honest and self-reliant business men will not enter into such combinations, believing that their effect is to hamper the upright and judicious members to the advantage of the dishonest and less enterprising participators in the combination.

But that concentration of business which arises from the natural and orderly growth or union of capital and enterprise in the hands of men best fitted to control it is natural and wholesome. It permits a division of labor which enables the employment of men of varied talent in the occupations best suited to them. The person who possesses genius as a buyer of certain fabrics, but who has no talent for organization, and could obtain but a small pittance as proprietor of a humble store of his own, receives a handsome salary as head of a department in one of the great retail stores of the present day. In a great railroad corporation, the union of thousands of miles of road under one executive head permits of the best possible use of the varied energies employed. The employe is benefited because his service is put where it will do the most good, and will consequently yield him the largest returns; and the public is benefited because it secures quicker and more convenient transportation, with closer connections of cars and lower rates of fare.

The modern centralization of business forces compels the promotion of men of special ability whenever such ability manifests itself. At the head of a great enterprise stands the man with a genius for organization, the man with "executive ability," which always demands and receives large returns for its own services, but whose success depends upon a just recognition of the merits or demerits of all his co-workers. If he is not quick to recognize the capacities of men under his command, he may lose them and their services be enlisted by a rival enterprise. Nor does the concentration of a great mercantile establishment or an enormous railroad enterprise under a single head insure its continuance under one management, even though the present possessor may be fortified in his control by enormous wealth. How quickly the vast mercantile and manufacturing interests of A. T. Stewart were dissevered after the death of the commanding genius which had brought them together.—*Boston Advertiser*.

FORGED INDORSEMENT.

SUPREME COURT OF KANSAS.

Cochran v. Atchison.

1. BILL, INDORSED BY A STRANGER—LIABILITY.—Where a stranger to a bill writes his name on the back thereof, regularly following that of the payee, he thereby makes himself an indorser, and assumes all the obligations and liabilities usually assumed by indorsers of negotiable paper.

2. INDORSEMENT.—An indorser warrants the genuineness of the indorsements on a bill of exchange, and that he has a valid title to the bill.

3. FORGED INDORSEMENT—SUBSEQUENT INDORSER.—If it be ascertained after the payment of the bill that the indorsement of the payee is forged, or that such indorsement is the signature of a false and spurious payee, the indorser immediately following such forged or spurious signature is liable to his immediate indorsee for the money obtained upon such indorsement, without proof of demand and notice.

4. FALSE INDORSEMENT—LIABILITY OF SUBSEQUENT INDORSER.—Where a bill is payable to the order of W. W. Owens, and it comes by mistake into the possession of one W. W. Owen, who wrongfully takes it from the post office, and thereafter the bill is paid by A, the cashier of a bank, upon the false and spurious indorsement of W. W. Owen thereon, and the written indorsement of C regularly following that of the false and spurious payee, and A having indorsed the draft, presents it to the drawee and collects the amount thereof, and thereafter the owner and real payee learns of the disposition of his draft, and demands of A the proceeds so collected by him of the drawee, and A pays over to the real payee and owner such proceeds, *held*, that C, by his contract of indorsement, is liable to A for the amount of the bill, without demand made and notice, although he was ignorant at the time of his indorsement: that Owen was not the actual payee and owner of the bill.

5.—TITLE TO BILL.—If a bill is payable to the order of a person, and another person of the same name of the payee gets hold of it, and indorses it to a party who takes it in good faith and for value, such party acquires no title to the bill.

6. INDORSER—GUARANTY.—Where a bill is payable to *W. W. Owens*, and one *W. W. Owen* gets hold of it and wrongfully indorses it, a subsequent indorser cannot relieve himself from his liability to his immediate indorsee, on the ground that the latter is guilty of negligence in taking the paper without the name of the actual payee indorsed thereon. In the first place, the indorser guarantees the genuineness of the signature of the payee, and second, the difference in pronunciation between Owen and Owens is so slight as not to amount to a variance. The two names may be taken promiscuously to be the same in common use.

Action by Atchison against Cochran, to recover \$151.30 paid to a false and spurious payee of a draft. The essential facts are:

On the 17th day of November, 1880, the assistant cashier of the First National Bank of Pueblo, Colorado, mailed a draft, of which the following is a copy:

"Colorado—No. 49,009—Duplicate—Unpaid. First National Bank, Pueblo, Nov. 17, 1880, pay to the order of W. W. Owens, Esq., one hundred fifty-one and 30-100 dollars in current funds.

ROBERT F. LYTLE, *Assistant Cashier.*

"To bank of Kansas City, Kansas City, Mo. \$151.30 U. S. Int. Rev. 2 cents. To W. W. Owens, at Olathe, Kansas."

The letter containing the draft was received at Olathe, and placed by mistake in the post office box of one W. W. Owen, on the 19th day of November, 1880. On the same day, said Owen wrongfully took the draft from the post office and went to the Johnson County Bank, at

Olathe, presented the draft to Robert M. Atchison, the cashier, and asked to have it cashed. The cashier said to him that he must have some responsible person with whom he was acquainted to identify him. He went out and in a short time returned with Cochran. Mr. Cochran said: "I know this man; his name is Will. Owen." The cashier then asked Cochran how long he had known the young man, and he replied, about two years; that he had worked for his son-in-law, John Burch, on the farm, and for Mr. Collins and other neighbors, and during that time he had known him as William or Bill Owen. The cashier told Owen to indorse the draft, and then pushed the draft to Cochran, and he wrote his name just below that of Owen. The cashier then paid the money on the draft, \$151, to Owen, and retained thirty cents for exchange. Owen immediately went out of the bank. The cashier upon investigation indorsed the draft, and sent it to the bank of Kansas City for collection and credit. The draft was promptly paid by that bank upon presentment, and the cashier given credit for the full amount.

In ten days or two weeks thereafter, W. W. Owens, the owner and the real payee of the draft, was in the Johnson County Bank at Olathe, and informed the cashier that he was expecting some money from Pueblo. The cashier was satisfied that he had paid the money on the draft to the wrong party, and afterward paid the full amount of the draft to the real payee, W. W. Owens. After he had paid the money to Owens, he made a demand upon Cochran for the money paid over to the false and spurious payee, and he refused to pay it, or any part thereof. At the time that the cashier sent the draft to the bank of Kansas City, the following indorsements were on the back: "W. W. Owen, Peter Cochran, and credit.—R. M. ATCHISON, Cash." Afterward W. W. Owen was arrested for obtaining money under false pretenses, and at the March Term, 1881, of the District Court of Johnson county, was convicted thereof, and sentenced for a term of three years in the penitentiary. On February 11, 1881, Atchison brought his action before a justice of the peace of Johnson county against Cochran, to recover the amount of the draft paid to Owen. After judgment had been rendered before the justice, the defendant appealed to the District Court. The case was there tried by the Court without a jury, and judgment rendered in favor of Atchison for \$151.30, with interest from the 30th day of November, 1880, together with all costs. Cochran excepted, and brings the case here.

The opinion of the Court was delivered by

HORTON, C. J.—Plaintiff in error alleges that the action brought by defendant in error against him cannot be sustained, because, as he contends, he is not liable upon the bill of exchange as indorser, guarantor, or otherwise. He also alleges that if he was the indorser of the bill, he is not liable, as the bill was paid upon presentment, and if it had not been, no recovery could be had against him, as no steps were taken to charge him as indorser. He further submits that he is not liable for the money paid to the false and spurious payee, as he received no benefit from it. He claims he went to the bank merely to identify W. W. Owen; that at the request of the cashier he wrote his name on the back of the bill, for the purpose of identifying Owen; that he had no interest in the bill, did not negotiate it, and was not informed and did not understand he was signing as an indorser. The positions taken by plaintiff in error are untenable. His contract was a written one, and he became liable to all its terms. An indorsement of a bill by a third person regularly following that of a payee, constitutes such third person an indorser of the bill, and thereby he assumes all the obligations and liabilities of an indorser of negotiable paper. It is true, in this case, W. W. Owen

was not the real payee, and was in fact a false and spurious payee only, and therefore his indorsement of the bill did not transfer title to Cochran or Atchison, but at the time of the indorsement by Cochran, the latter, by writing his name on the back of the bill, immediately following that of Owen, warranted the genuineness of the prior indorsement, and that he had a valid title thereto. By such warranty of the genuineness of the prior signature, he placed himself in the position of an indorser of the bill. He was accepted by Atchison as an indorser. The money was paid on the bill because of his indorsement, and reliance upon the well-defined contract which the law implies by such indorsement. He cannot now be heard to say he did not understand he was signing as an indorser, nor can he, after having assumed the obligations and liabilities of an indorser, relieve himself of the consequences to the injury of his indorsee, upon the ground that the loss to such indorser was occasioned by the latter's own negligence. Cochran by his indorsement engaged the bill would be paid according to its purport, and this engagement was conditional upon due presentment or demand and notice. He also engaged that the bill was in every respect genuine; that it was the valid instrument it purported to be; that the parties thereto were competent; that he had a lawful title to the bill, and the right to indorse it. (Daniel on Negotiable Instruments, §§ 669, 672, 673; Chalmers' Digest, pp. 215, 217, arts. 217, 220.) It is well settled by the authorities, if it turns out that any of these latter engagements are not fulfilled, the indorser may be sued for the recovery of the original consideration which has failed, or be held liable as a party without proof of demand and notice. (Daniel on Negotiable Instruments, § 669.) Even after the payment of a bill, if it be ascertained that any of the indorsements are forged, the drawee can recover back from the person to whom he paid it, and so each preceding indorser may recover from the person who indorsed it to him. In this case, it turned out that the engagement of Cochran as indorser was not fulfilled. W. W. Owen was not the real payee; he was in fact a false and spurious payee; he was not the lawful holder of the bill, and had no right of property or possession therein. Neither Owen nor Cochran had the right to indorse it or appropriate its proceeds. Although Atchison took the draft upon the indorsement of Cochran in good faith and for value, he had no right or title to it, and his payment of the draft to Owen did not divest or impair the title of the true owner, who had not indorsed it. If a bill is payable to the order of a person, and another person of the name of the payee gets hold of it and indorses it to a party who takes it in good faith and for value, such party acquires no title to the bill. (Chalmers' Digest, art. 81, p. 89.) It is immaterial whether Cochran acted in good faith or not. He is held by his written contract, and as Atchison took the paper thereon and parted with his money, he was entitled to have it refunded, as he acquired no title or interest in the bill, and was wrongfully deprived of his money without any consideration therefor. Cochran was liable upon his written contract of indorsement, without proof of demand and notice.

Counsel for defendant suggest that as "Owen," not "Owens," indorsed his name on the back, that Atchison was guilty of negligence in taking the bill without the indorsement thereon of the name of the payee. Atchison and Cochran seem to have regarded the bill payable to W. W. Owen, and in this neither was guilty of negligence, because the difference in pronunciation between "Owen" and "Owens" is so slight as not to amount to a variance. The two names might be taken promiscuously to be the same in common use. (*Stevens v. Stebbins*, 3 Scam., 25.)

The judgment of the District Court will be affirmed. All the justices concurring.

ECONOMIC NOTES.

CITY OF LONDON ACCOUNTS.

A London correspondent of the New York *World* furnishes some particulars of how corruption funds have been used to carry out the schemes of those two organizations—the Ratepayers' Association and the Corporation of London. This corporation has had nearly \$50,000,000 at its disposal, obtained in coal and wine duties. American corruptionists may read with interest English methods of preventing public exposures of official wrong-doing. It is stated by this correspondent: "The first public meeting was organized at Battersea to express the opinion of the working classes. A committee was paid \$60 to work it up, \$80 went to hire a speaker, \$75 were paid for the hire of attendants to compose the meeting, and \$18 were paid to the reporters for getting the resolutions which had been passed and the general proceedings into the newspapers. There was a similar meeting at Brixton, where about \$70 were paid for the hire of attendants to make up the meeting. At another meeting only five Social Democrats were present, yet their presence cost exactly \$30, and voluminous resolutions were passed and reported in the papers. At the meeting in Prince's Hall, Piccadilly, there were present exactly 132 workmen, who had been got together at a cost of exactly \$160. Considerable sums were also paid for the hire of chuckers-out to disturb the meetings held in support of Sir W. Harcourt's reform bill. These charges are all well authenticated, and the government could not refuse to grant a committee of inquiry. If the investigation is *bona fide* there will no doubt be some very scandalous revelations. The inquiry is a move of the Liberals, and will be thwarted by the Tories if possible. Public opinion, however, is very strongly in favor of an overhauling of the city accounts. It is believed a great deal of money is diverted by the corporation to corrupt purposes every year."

CAUSES FOR ENGLISH DEPRESSION.

The continuous protracted decline in the rate of profit, the loss of income from certain kinds of property, especially land and minerals, and the shrinkage in the interest obtainable on good security, have not only limited the means of the investing classes, but have alarmed them as to their position for the future. They have become more anxious to save, while they have been provided with an excuse for saving with which the world around them fully sympathizes. The first loss having fallen on the landlords, who are still at the top of English society, and they having been driven to stop spending, all below them have felt justified in stopping expenditure also if they chose. Retrenchment has ceased to be humiliating, and under the plea that "times are so bad," we believe that quiet retrenchment has been carried to a most unusual extent. Town houses have been discontinued, visits to town have been arranged more cheaply, country establishments have been sharply reduced, carriages have been laid down, men servants have been discharged to such an extent that they reckon themselves among the suffering classes, and the welling out of money in needless purchases, which goes out in such a stream in prosperous times, has been ruthlessly stopped. No class, for example, not even the coach builders and booksellers, has suffered more than the second-rate artists, who have, in scores of instances, been reduced to such straits that they might fairly join the ranks of the unemployed. They would earn more by wandering up and down and

singing, "We've got no work to do," than they can earn with either brush or graving tools. The artists are but the front rank in the army of those who minister to the rich, and this army, with all dependent upon it, has been distinctly impoverished of late years. The rich who have suffered much cannot buy as of old from want of means, and the rich who have suffered little will not buy, from alarm and from an increased desire to make themselves safe before they allow themselves the luxury of spending. They have lost a little, and expect more loss; they find a new gratification in investments even for small amounts, and thousands of rills of money which have fertilized great trades suddenly dry up. Furniture makers, for example, can be delayed for a long time if you are only waiting for the depression to end; but meanwhile the furnishers are living, like bears, on their own fat. Wealthy producers and distributors of articles which can be done without, have been astonished by a sudden, in some instances a total, cessation of demand, and naturally attribute to the poverty of their customers what is, in part at least, due to their developed thrift.—*The Spectator*.

TREASURE-TROVE.

The holding an inquest upon treasure-trove is among the most ancient duties of the coroner. By a statute of Edward I. the coroner was required, on being certified by the king's bailiffs or other "honest men of the country" to go to the places where treasure was said to be found and to inquire who were the finders. It is quaintly suggested that it may well be perceived who is to be suspected of finding it, "where one liveth riotously, haunting taverns, and hath done so a long time." Moreover, the individual might be apprehended upon this suspicion. But the new regulations will probably supersede all these old processes. In the future there will be little temptation to conceal treasure-trove because the finder will be quite as substantially rewarded by discovering it to the authorities. In a recent case the treasury gave a practical illustration of this. A number of old English gold coins of various dates were found by a workman in some old oak beam which had been taken from a farm house near Luton. Of these many proved of such rarity that they were sent to the national collections, but the treasury gave orders that the finder should be paid for them at the rate of their value as old gold, while the remainder were returned to him. But it is a curious instance of the changes of the law that we should now offer a substantial reward to deter persons from committing an offense which in the "good old times" was punished with death, and is still a high misdemeanor second only to misprision of treason and misprision of felony.—*Chambers' Journal*.

FINANCIAL FRAUDS.

A financial agent conceives the idea that a tram car company started in Patagonia would pay. He does not mean, nor has he the remotest idea, that he or any one else will see tram cars in that land; no, but he thinks if such a scheme is started on paper, and the wires well and cleverly pulled in this metropolis, the undertaking will pay those who have the courage and pertinacity to work it, and that, no matter who loses by it, he himself will not do so. His first care is to find one of those ready writers who are able by their pens to prove almost anything. For a five-pound note, which is to be refunded out of the first money paid on application for shares, the work is undertaken, the prospectus is drawn out, and as a specimen of proving with pen and ink what the writer knows nothing about, it is certainly a remarkable document. The next step is to get six or seven gentlemen to act as Chairman and Directors of the company. These individuals, who in joint stock com-

pany slang are designated "guinea pigs," are not difficult to find; but a wise promoter does not take every one who offers, for it is upon the names of these personages that the success, or otherwise, of the concern mainly depends. The long-suffering, ever-ready-to-be-taken-in public has a great respect for titles and rank; and a real nobleman as Chairman goes a long way with them. In fact, the greater number of those who apply for shares in new companies do so on the faith of the names of the Chairman and Directors. They do not inquire whether these gentlemen have any experience in business matters, or whether they know anything of the special work for which the company is got together. Any one with a title or a handle to his name will inspire more confidence in the class of people who become shareholders than would the name of the Director of the Bank of England. The board having been got together and their names in the prospectus, the next step is to publish the document in all or most of the leading London newspapers. This is an expensive piece of work, and especially hard for the promoter, who rarely has a shilling of his own. But what will not the hope of profit accomplish? An advertising agent is found who will take the matter in hand, and will pay the expenses of advertising, large as they are, on condition of receiving a 50 or 60 per cent. bonus out of the first money the promoter can command.—*The Gentleman's Magazine*.

GERMAN INDUSTRY.

One of the things that strikes an Englishman most forcibly when he is traveling in Germany is the apparent absence of all that trade activity in the empire of which we hear so much in London. You may go from Berlin to Dresden, from Dresden to Leipsic, from Leipsic to the Black Forest, from the Black Forest to Cologne, and from Cologne to Rotterdam, and yet come away with the conviction that the Germans are a simple, pastoral people, who look after their bullocks and their cabbages with extreme solicitude, but who have no knowledge whatever of the high mysteries of finance or of the anxieties of manufacturers. Of course, an impression of this kind would be entirely a mistaken one. In Essen, in Crefeld, in Ludwigshafen, and in half a dozen other places there is immense manufacturing and commercial energy, but the stranger has to look for it a little below the surface. The German conception of life is simpler than ours, and even in manufacturing towns there is an air of rusticity and of rural enjoyment entirely wanting in Lancashire and Yorkshire. In Crefeld, for example, the traveler sees at the first glance nothing more than a clean, pleasant town, with pretty avenues of trees—a sort of second Darmstadt in its way. It lies fairly in the great plain of the Rhine, in a sufficiently flat and uninteresting situation. But art came to the aid of nature to such an extent that Crefeld has become quite an ideal place to all outward appearances, where over-rich manufacturers might well retire to pass the golden sunset of life. One sees nothing of this in Liege, in Lyons, in Ghent, or even in Essen, and still less is it to be found in Lancashire, in Yorkshire, or in Nottingham. And yet it is this pleasant, wholesome town which runs Nottingham so hard, and turns out lace and velvets at a price which has astonished the oldest members of the trade. To anybody who looks at the facts on the spot the thing is not surprising. The Germans live cheaply and simply. They have a cup of tea and a roll of bread for breakfast. Their dinner, at one, consists of a beefsteak—always excellent in Germany—or a veal cutlet, with *krout* in some shape or form. The supper consists of a single dish, and there the day ends. Luxurious individuals who affect cafés can indulge in endless dissipation on lager beer for a mark. It is a simple life, as we have said, and, so far

as we can see from very recent experience, the people are not likely to grow out of it. Of politics one never hears a word in Germany. There are no limited liability swindles to steal away the hard-earned money of the people. The nation, from Hamburg to Munich, devotes itself in a quiet, methodical way to money-making, and the result is that poverty is almost an unknown thing in the German Empire.—*British Trade Journal*.

CONVICT LABOR.

Col. Carroll D. Wright as National Labor Commissioner reports that there are 64,009 persons in the prisons of this country, or one to every 1,000 population. Of this number, 45,277 are employed in productive labor, chiefly in the manufacture of boots and shoes and clothing. The remainder are engaged in prison duties, or are sick or idle. The value of goods made during the year was \$28,753,999, or fifty-four one-hundredths of one per cent. of the total products of the industries of the country. Col. Wright estimates a free laborer equal to 1.27 convicts. This does not look as though free labor the country over suffered to any ascertainable extent from the competition of convicts, although this may be the case in some localities. The policy of employing convicts in non-competing lines of hard labor, wherever practicable, is gaining favor, but it does not appear that any severe hardship is now felt. The desideratum in convict labor is hard, steady work; and the less it competes with free labor the better.

MASSACHUSETTS CENSUS.

Part 1 of volume 1 of the census statistics of 1885 has been issued. Col. Carroll D. Wright is to be congratulated upon the thorough manner in which the work has been done. The first volume is indicative of the scope of the complete work, and though delayed, in contrast with what the public have come to regard as news, the tables of statistics cannot fail to prove of great value to inquiring minds—to all who are interested in the economical conditions of Massachusetts. This volume is devoted to the facts of population. Very elaborate tables are given, connected with which is an intelligible summary, presenting the results of a discriminating analysis in instructive form. It appears that in density of population as compared with other States, Massachusetts stands seventh. The only State having more inhabitants to the square mile is Rhode Island. The center of population is within a radius of one mile from the State House, and within a radius of 12 miles is a population of 731,000, or 37 per cent. of the 1,942,141 inhabitants of the State as given in the preliminary census summary of a year ago. The gain of the whole State was $17\frac{1}{2}$ per cent. in 10 years. Brockton made a gain of 96 per cent., Holyoke 71, Malden 51, Waltham 45, Worcester 38, Springfield 21, and Boston 14 per cent. The 23 cities contain 1,087,000 of the population, or nearly 56 per cent. of the whole. The cities have gained 17.5 per cent., the towns 10.6 per cent. A mathematical calculation of population for 1887 indicates that the State has 2,000,000 people within its borders.

ECONOMIC CONDITION OF CUBA.

A correspondent of the *New York Times* says: The outlying country is beautiful—a gently rolling surface, well watered, rich valleys teeming with verdure, green throughout the year—dotted here and there with country houses, which seem to take grateful rest in their surrounding shade trees. The soil is so rich and productive that it is seldom necessary to weed gardens. The large plantations are not such good investments as formerly; the drop in the prices of sugar and tobacco has decreased profits immensely, and the high rate of taxation has done the rest. Not many years ago the land was owned by the Cubans them-

selves; it has passed into the hands of the Spaniards. Oppression and confiscation did all that the careless business methods of the Cubans left undone, and have made them tenants on their fathers' lands. Probity in business is rare. I have heard merchants say that it is necessary to examine every bale of a consignment of tobacco; a written guarantee or contract not being sufficient. Most salaried positions are held by Spaniards appointed from Spain. The Captain-General receives \$60,000 in gold per year and a secret service fund of equal amount, of which he is not required to render an account. After three or four years' service he is recalled to Spain, and is expected to have saved \$1,000,000 in gold per year and to retire independently rich. With such corruption at the head of the Government what can be expected of the subordinate officials? Besides this drain on her resources, Cuba pays Spain from \$7,000,000 to \$8,000,000 in gold per year. Her condition is deplorable, her credit ruined, business becoming poorer every day, the rate of taxation getting higher and higher, and killing every new enterprise in its infancy. The Spaniard has withered everything he has touched.

EARLY AMERICAN LABOR ORGANIZATIONS.

The eighteenth century is almost a blank in the history of American labor organizations. The country was sparsely settled, people were engaged chiefly in the individual pursuit of agriculture, and manufactures were for the most part, conducted on a small scale in insignificant shops. Large aggregations of capital in industrial corporations were well-nigh unknown. For thirty years in Massachusetts, in the latter half of the eighteenth century, only one charter was granted to a corporation, and that corporation was of an eleemosynary nature! The combination of corporations in the syndicate of modern times could not then have easily been understood. Had anyone proposed anything of the kind, it would have been dismissed at once as impracticable.

About the year 1800 we witness a change; rather the beginning of a change. Cities, although still small, were increasing in number and population, and capital forces were becoming more united. The labor forces of the chief industrial centers naturally followed, and sought combination. We hear of a union of shoemakers in Philadelphia in 1794, of an incorporation of a New York Society of Journeymen Shipwrights in 1803, and three years later the house carpenters of the City of New York obtained the right of a corporation. Unions gradually spring up here and there in the larger cities, where the laborer is no longer an insulated factor in production, but only one of a group furnishing a large amount of labor power for a large capital power. The natural tendency is always for labor power to mass itself against the necessarily united capital power in any productive establishment; for only thus do they stand on an equal footing. This condition of things continues until about 1850; save that the local unions of laborers engaged in one branch of industry increase rapidly in number, beginning with the year 1825; save also that artisans of various occupations occasionally unite in a larger federal organization, which is itself, however only a local affair. An example is found in the General Trades-Union of the City of New York, which was composed of representatives of various organizations of artisans in that city. This was active in 1833, and probably for a few years thereafter. —Prof. R. T. Ely in *The Congregationalist*.

LEGISLATION AFFECTING SMALL COIN.

It is a source of regret to the Treasury officials that the Coinage Committee was so slow in formulating and adopting the bill just reported by it to regulate the coinage and issue of subsidiary silver. The points in which it changes existing law are regarded by the Treasury as of the

utmost importance in enabling the Department to meet the demands of the public for small coin circulation. The bill provides for the repeal of the law limiting the amount of subsidiary coin outstanding at any time to \$50,000,000, and declares that in order to procure bullion for the subsidiary silver coinage authorized by law, the Director of the Mint, with the approval of the Secretary of the Treasury as to price, terms and quantity, shall purchase such bullion with the bullion fund; provided, however, that the amount coined into half-dollars, quarter-dollars and dimes shall be regulated by the Secretary of the Treasury. The necessity for such legislation has been persistently urged by the Treasury officials, and the experience of the past autumn has demonstrated the entire inability of the Treasury to meet any extensive demand for minor coin consequent upon a revival of business or other cause. The consequences of this inability to meet the demand for several months past have quite seriously affected public convenience and the conduct of business in several States. This bill having just been placed upon the calendar, its prospect of passage at the present session is not bright, but it will be found to have numerous supporters if an opportunity offers. Its most important feature is the discretionary power conferred upon the Secretary of the Treasury to use the bullion fund for supplying small coin instead of being restricted to regular appropriations, which have so often proved inadequate and cannot be accurately estimated in advance.

INQUIRIES OF CORRESPONDENTS.

ADDRESSED TO THE EDITOR OF THE BANKER'S MAGAZINE.

I. COMPUTATION OF INTEREST IN WISCONSIN.

Will you please give a decision on the following case, which involves the method by which interest is to be figured :

A man borrows \$10,000 on March 26th, on a demand note drawing 6 per cent. interest ; on April 30th he calls to pay the note and the bank charges him interest.

<u>35 days</u>	on \$10,000.....	\$58.33
360 to year		
he claims it should be either		
<u>1 mo. 4 days</u>	on \$10,000.....	\$56.67
360 to year		
or <u>35 days</u>	on \$10,000.....	\$57.53
365 to year		

The bank bases its claim on the following law, Chap. 94, Sec. 43, Rev. Statutes Wis., 1878 :

"It shall be lawful to receive the interest in advance, according to the ordinary usages of banking institutions, and to charge for collecting foreign or other inland bills, or other evidences of debt, the usual current rate of exchange, and in the computation of time, thirty days shall be a month and twelve months a year."

The payer claims that "a month" means 30 days only, without regard to the calendar, and that it is not right to say 5 days more in March and 30 in April make 35 days, but March 26 to April 26, 1 month and 4 days more in April.

Which is right, and is there any court decision on the subject ?

REPLY.—This is a question under the statutes of Wisconsin, as to which we express an opinion with hesitation ; and we have seen no decision upon

it. In the absence of a statute, we should say that the legal way of computing interest upon a demand note like this, would be

$\frac{35 \text{ days}}{365 \text{ to a year}}$ on \$10,000.....\$57.53

as this fraction expresses the true portion of the year during which the note has been outstanding, and so is precisely just to borrower and lender. The statute, however, is clear, in saying that a year shall be twelve months of thirty days each, or three hundred and sixty days; and we think that the fraction

adopted by the bank $\frac{35 \text{ days}}{360 \text{ to a year}}$ is justified by it, and that its method of computation is therefore correct. This is precisely the same as if, instead of computing interest by days, the bank had computed it by months and days, and treated the note as being out, under the statute, one month and five days; which produces the same result.

Whether interest on a demand loan shall be computed by days or by months and days, if it is out over a month, depends a good deal upon custom.

II. TRANSFER OF SHARES IN A NATIONAL BANK.

Referring to your interesting discussion on page 858 of the May number, I would like your opinion on one point further:

Suppose the pledger who delivers his certificate of National bank stock, with a power of attorney attached to transfer on the books of the bank, is a natural person, and dies before any transfer is made on the books, can the pledgee then hold the stock, or does the death of the pledger terminate the power of attorney?

Will the case be any different with the stock of a State corporation, under the Mass. Statute of 1884, Ch. 229?

REPLY.—It is ordinarily true that a power of attorney is revocable and is revoked by the death of the giver; but this rule does not hold when the power is coupled with an interest. In such a case the power is in its nature irrevocable. See Story on Agency, § 477.

In the case supposed, the pledgee having given value for the pledge, has an interest in the stock and in the power to transfer, which the law will protect, notwithstanding the death of the giver. This is equally true of a transfer under the Massachusetts act of 1884.

III. PROTEST.

Please give in your next issue the law upon the following point: A bank holding a draft for collection, makes demand of the drawee and is refused. The draft is then passed to the notary for demand and protest. He makes demand and is paid. Is he entitled to collect his notarial fee—if so, of whom?

REPLY.—In New York the notary receives such a draft for the purpose of making demand and protesting the same in the event of non-payment. If the draft is paid when he presents it he gets nothing for what he has done; if it is not paid, he protests it and receives his fees.

IV. COLLECTION CHARGES.

The Kansas City *Times* says that a large number of the manufacturers, jobbers and wholesale merchants of this city are complaining of the unfair method of country banks in extracting fees from them on collections which should properly

fall to the country buyers. "It is against the well established rules of business," remarks a representative of a well known packing house. "When we buy the products of the country we pay spot cash and the people are at no expense whatever in collecting from us. But when we ship goods to the country we expect the buyer to pay us in paper of par value. We draw all our drafts payable with exchange and collection charges, and should receive the full value of the draft. According to the custom of these banks they collect reasonable fees from the drawee and then charge us a collection fee of 25 cents on the \$100 and remit us less than the face value of the draft. Another important matter is the custom of country buyers of making remittances by checks on their home banks without adding the fee of 25 cents charged by the clearing house association for collection. This, also, is not strictly business, and should be abolished."

W. B. Grimes, president of the Kansas City Mercantile Association, says in reply to the question: "One cannot but see that it is altogether out of the line of the rules of business the world over. This custom is unjust, and is a detriment to the interests of commerce. By paying this extra fee of 25 cents on the \$100 a large establishment will expend a vast sum of money in the course of a year for collections which should fall on the buyers. When we buy goods in Germany or France or England we give exchange on those countries, and the parties there are put at no expense whatever in collecting the money. It would seem very ridiculous for us to send them Kansas City paper and put them at an expense of 25 cents on each \$100 in obtaining the money; yet there is just as much sense in this kind of procedure as there is in the country merchants sending us checks on their home banks. Of course we can't expect the clearing house association to look up all these collections for nothing, and I think they are just as anxious to see the matter righted as we are. This is a subject that will bear some discussion, and we are anxious to formulate some plan by which to induce the country banks and merchants to do business on first-class business principles."

In reply to the above, a correspondent writes thus: We desire to say that the custom has grown up among wholesale dealers to collect most of their bills by sight draft. It is true that many of them draw their drafts "with exchange and collection charges," but I have yet to find a single instance where collection charges have been paid by the drawee. The wholesale man wants his money *collected*, and not one in twenty-five of the drafts we get are paid when first presented. The reply generally is "will pay to-morrow or next week." If we return it at once we are out postage and stationery and have the satisfaction of getting a duplicate of the draft inside of three days to go through the same process. One I remember where we presented a draft for \$100 each day for six days, and when paid charged the drawer 25 cents, on account of which he now sends his business to another bank which is under contract to make the same charge. If wholesale men will insist on making agents for the collection of slow accounts out of the banks, I think they should not growl at 25 cents per \$100 while an attorney would not charge less than 10 per cent.

ALIEN LAND OWNERS.—Further recent conveyances of lands in the Northeast States of Mexico to foreign buyers aggregate something more than five hundred square leagues. Coal lands in Coahuila are in active demand, and continued purchases for grazing purposes are recorded by the border press. Time has shown that good coal does exist there, and the International Railway Company, which controls vast coal fields, will, by next year, be supplying the mineral districts of the central section of the Republic. Coal and iron, the two articles necessary for the evolution of a high industrial condition, are there in abundance, and the northern half of the country is certain to develop with rapidity from now on.

BANKING AND FINANCIAL ITEMS.

THE NEW TREASURER.—On May 11, the President appointed James W. Hyatt, of Connecticut, to be Treasurer of the United States, to succeed Conrad N. Jordan, resigned. Mr. Hyatt is a native and resident of Norwalk, Conn., and was formerly cashier for the New York banking house of Legrand B. Lockwood & Co. He was for ten years a bank commissioner of Connecticut, and in January last was appointed by Comptroller Trenholm, National Bank Examiner for Connecticut and Rhode Island. Mr. Hyatt was originally a Republican, but went over to the Democracy in 1872, at the time of the Greeley movement.

THE NEW DREXEL BUILDING.—Mr. Anthony J. Drexel, before leaving for Europe, remarked that he would make his new building on the site of the old post office, in Philadelphia, not only an ornament to the city, but would make its interior the most inviting of any building in the country. It is to be built of white marble, ten stories high, and it is expected to be finished by July 1, 1888. The Stock Exchange quarters, which will be on the second story, running through from Chestnut to Library, will be very commodious. The tenth story of the eastern front of the building has already been rented as a restaurant. The view from the windows of this restaurant will be a grand one. There will be plenty of elevators in the building.

TRANSFER OF ASSETS.—Although Hon. S. N. Aldrich took the oath as Assistant Treasurer of the United States, at Boston, some time ago, the formal transfer of moneys did not take place until very recently. Their work having been finished, it was found that the accounts of Hon. M. P. Kennard were correct to a cent, and that the amount delivered into the hands of the new Treasurer was \$15,300,714.92. That the business of the sub-treasury has been carried on for so many years, without the loss or gain of a penny is something remarkable. When Hon. Franklin Haven retired, it was found that the Government had unaccountably gained twenty-two cents during his administration.

EFFECT ON TRADE OF THE INTER-STATE LAW.—A late issue of R. J. Dun & Co.'s weekly review of trade says: The Inter-State bill is doubtless charged with much interruption of business that does not belong to it. Still, during the past week evidences have multiplied of its harmful effect by the convincing proof that Boston's export trade would be destroyed if the customary rebate and favoring rates were refused. The Commission was led to virtually suspend the operation of the second section for the benefit of the Boston road. The Pacific roads obtained exemption and reduced their rates, except the Union Pacific, which was by an error omitted. In the session at Atlanta, the Commission was informed of many projected enterprises, contracts for which had been suspended until the question of rates could be settled. The contract for 100,000 tons of paving at Marlboro, N. H., was refused, the rates being advanced to three times as much as the expected profit. Vast quantities of freight accumulated at many points awaiting the result of appeals to the Commission. The Louisville merchants offer complaints as to the injury in some trades. New Orleans expected an improvement, but realizes none and finds business upset. Cleveland feels the injury in important branches. Hartford manufacturers find that the act threatens to deviate them from many markets. Pittsburgh and Philadelphia attribute to the act much dullness, and iron manufacturers hold that they have already sustained large aggregate losses.

GUARDING AGAINST FRAUD.—A new departure is being taken by one of the principal Scotch banks regarding the form of its notes. It is well known that the risk of forgery, especially by photography, is now greater than formerly, and the Commercial Bank of Scotland has met this difficulty by concentrating in its new issue all possible guarantees against imitation by that means. The notes are printed from steel plate on back and front in a combination of colors.

CONNECTICUT.—The Tradesman Bank, of New Haven, will erect a three story building.

COLORADO.—Thatcher Bros. of Pueblo, will erect a bank building. The Union Bank, of Greeley, are about to build a new building.

FLORIDA.—The First National Bank, of Sanford, has been organized with Frederick H. Rand, of Longwood, President; Moses Lyman, New York, Vice President, and Frank P. Foster, Sanford, Cashier.

KENTUCKY.—J. C. Hardy, of Covington, will erect a bank building in that town.

MASSACHUSETTS.—The Waltham Savings Bank, of Waltham, will erect a bank building.

MICHIGAN.—The First National Bank of Ludington propose to erect a new building.

MISSOURI.—The Glifford Banking Co of Clarkesville will erect a new bank building.

MINNESOTA.—F. R. Fulton and E. A. Gowan, of Grand Forks, will erect a bank building.

NEW YORK.—The Albany County Bank, of Albany, will erect a four story bank building, corner State and South Pearl streets. The First National Bank of Cortland will erect a building to cost \$25,000. A bank building will be erected in Akron. T. W. Jackson and W. Paxon are interested.

NEW JERSEY.—An addition to cost \$13,000 will be made to the City Bank building corner Broad and Clinton streets, Newark.

OHIO.—The First National Bank of Cincinnati will erect a six story brick, stone and iron building to cost \$100,000. The Western German Bank, of Cincinnati, will erect a five story building, of brick with iron front, to cost \$50,000.

PENNSYLVANIA.—John S. Sible, Harrisburg, will erect a three story building on N. Third St. for the Merchants National Bank, to cost \$5,000. The Western-Saving Fund Society, 1001 Walnut St., Philadelphia, will erect a building to cost \$150,000 on their present site.

SATURDAY HALF-HOLIDAYS IN PENNSYLVANIA.—The banks favor them, and the banks are the greatest factors in the business world. The banks, of course, would do no business were it not for the use which merchants and others make of them, but when the banks are closed the wheels of business are at a stand-still. Bank presidents declared, as with one voice, in favor of early closing, provided the measure could be brought about in the right way, and the bill which the Senate passed recently, is putting the matter in a shape of which the bankers approve. Not all of them have studied the bill, but so far as they have they are satisfied with it.

MUTILATED NOTES.—There was received at the U. S. Treasury lately, for redemption, a package of perfectly new U. S. notes of small denomination to the amount of \$1,000, which were mutilated by having a hole punched through them, through which a cord had been passed and then sealed on the outside of the wrapper. The package was sent to Washington by express by a National bank in Texas. The mutilation was evidently intended as an additional safeguard in the transportation of the notes. This is said to be the practice of many of the Southern express companies in the transportation of money to the Treasury for redemption, but the present is the first instance where new uninjured notes have been treated in this way. It is not known whether these particular notes were mutilated by the bank or by the express company, but it is thought at the department that it was done by the bank to secure exchange on New York at the expense of the Government. Acting Treasurer Whelpley refused to receive the notes, and directed their return to the bank at its expense, with a statement that such mutilation is considered a violation of law, and will not be permitted by the department.

NATIONAL BANK EXAMINER APPOINTED.—The Comptroller of the Currency has appointed Thomas McD. Tate as National Bank Examiner for North Carolina and Virginia. Mr. Tate is a member of the North Carolina Legislature.

A SUCCESSFUL SCHEME FOR PREVENTING LABOR STRIKES.—A year ago the firm of Norton Brothers, of Chicago, decided to adopt the profit-sharing system with its employees. The firm promised to divide a certain portion of its profits for the year among the employees who worked for the firm for at least six months during the year, and who had not left their work without the consent of the firm, or who had not been discharged for cause. The firm guaranteed the sum to be divided to be no less than \$10,000, and expected the men to refrain from striking or in any way interfering with their business. The men readily consented to this arrangement, and recently the firm divided \$13,275 among the 250 employees, each employee receiving a sum in proportion to the amount earned during the year. Each employee received nearly $7\frac{1}{4}$ per cent. on his earnings. The earnings of the men ran from \$500 to \$1,500 in the year, and each, therefore, received from \$38.50 to \$77.70. The system resulted in general satisfaction all around.

JUDGE DYKMAN'S DECISION.—The decision of Judge Dykman in the suit of the Consolidated Exchange to compel the Commercial Telegraph Company to furnish it with the quotations of the Stock Exchange and to compel the Stock Exchange to furnish its quotations to the Commercial Company according to the agreement between them, is an important one. The Stock Exchange has always claimed to be a private institution. It has no public charter. It is formed like a club, and its members are bound only by the by-laws they have made themselves. The Exchange is governed by a committee to which is delegated absolute power and which meets in secret. It legislates on matters affecting the financial world, but the public, it is held, is not entitled to any information about the meetings. The Exchange holds that the quotations made within its doors are its own absolutely. Judge Dykman's decision just reverses this theory. He holds that the Stock Exchange is a public institution and that its quotations are the property of the public.

A BIG SHORTAGE.—A Joliet special says: From \$75,000 to \$100,000 of the funds of the Will County National Bank are missing. The officials of the concern admit that there is a big shortage, but say it was caused by Cashier Knowlton's bad financial management and his peculiar methods of handling the funds of the old Will County Savings Bank. The latter was a private concern, but Knowlton was manager of it as well as cashier of the National, and both banks were until recently in the same building. The cashier has resigned and is now in Canada with his wife, but Captain G. P. Phelps, a brother of the American Minister to England, who is his counsel, denies that he is a defaulter and states that Calvin Knowlton, his father, has made arrangements to make good the shortage. An investigation is now in progress.

THE BANK OF AMERICA.—The annual meeting of the Bank of America was held recently in the bank building, Fourth and Chestnut streets, in Philadelphia. The balance sheet of the cashier made the assets \$773,000, of which \$504,000 was for bills discounted. Cash on hand, \$114,102.36, and accounts of real estate and fixtures, \$33,000. The liabilities amounted to \$907,000, the chief items in which are \$380,900 of capital stock paid in and deposits of \$394,066. A resolution authorizing the Board of Directors to increase the capital stock \$500,000, making it \$1,000,000, was passed.

BANK CREDITORS GET A DIVIDEND.—The Comptroller of the Currency has declared a dividend of 25 per cent. in favor of the creditors of the First National Bank, of Pine Bluff, Ark.

AN INTER-STATE BILL FOR CANADA.—Mr. Mulock, a prominent member of Parliament and a leading Toronto lawyer, has introduced a bill in Parliament embodying some of the provisions of the United States Inter-State Commerce bill. The most important provision relates to discrimination of rates and provides that no railroad companies shall charge for carrying freight a short distance a greater rate than for carrying the same class of goods a longer distance in which the shorter is included.

BANK DIVIDENDS FOR CREDITORS.—A dividend of 10 per cent. was declared May 10, for the benefit of creditors of the Pacific National Bank, of Boston, and 50 per cent. for the First National Bank, of Blair, Neb.

SAVINGS BANK INVESTMENTS.—The Committee on Banks and Banking reported a bill authorizing savings banks to invest in the legally authorized bonds of the States of Pennsylvania, Ohio, Michigan, Indiana, Illinois, Wisconsin and Iowa, and of the District of Columbia, and in the bonds of any city of the aforesaid States and in the State of New York, which has, at the date of such investment, more than 20,000 inhabitants and whose net indebtedness does not exceed five per cent. of the taxable property therein, and in the notes of any citizen of the Commonwealth, with a pledge as collateral, of any of the aforesaid securities, the amount of said notes not to exceed in any case eighty per cent. of the market value of the securities pledged.

ST. LOUIS CASHIER RAISES CHECKS.—James B. Busby, who has been book-keeper and cashier of the firm of Sheridan & Ryan, grain and general produce commission merchants, for the past five years, left town suddenly on May 9th, and a few days later it was discovered that his accounts were crooked, and that he is a defaulter, but to what amount is not yet known. One check, however, has been found to have been raised from \$129 to 3,129, and the probabilities are that the embezzlement will reach several more thousand dollars. A letter was received from Busby to-day, dated Cincinnati, acknowledging his dishonesty, but giving no information regarding the amount of his defalcation. He has probably gone to Canada.

THE ARGENTINE REPUBLIC.—The amount of money invested in banking in the Argentine Republic is stated at \$116,000,000; one institution, the Bank of the Province, at Buenos Ayres, has a paid-up capital of \$34,500,000; its circulation is \$65,400,000; loans and discounts \$67,000,000, and its gold reserve is \$12,400,000. The National Bank, another large institution, has a capital of \$20,000,000, a circulation of \$39,000,000 and a gold reserve of nearly \$10,000,000. These facts indicate how energetically and on what a large scale business is conducted in the Argentine Republic. With the expanding commerce of this country greatly increased banking facilities will be required, and it is no exaggeration to say that to-day the banking capital of this country might be quadrupled to the benefit of agriculture and commerce.

THE NEW YORK CENTRAL AND HUDSON RIVER RAILROAD COMPANY is arranging for a "Saratoga Limited," to be run on Saturdays and Mondays only during the summer months. The Saratoga limited will be composed exclusively of elegant drawing room and buffet smoking cars. This train will leave Grand Central depot, New York, about 2.50 P. M., on Saturdays only, and arrive in Saratoga about 7.30 P. M., in ample time for dinner. The return train will leave Saratoga early Monday morning, making a corresponding run to New York, arriving at noon, to permit brokers and business men to reach the exchanges and business houses about 12.30 P. M., lunch being served from the buffets on the train before arrival at the Grand Central depot. The Saratoga limited is in addition to and will not interfere with the regular "Saratoga Specials" that will leave Grand Central depot every day in the week, except Sunday, at 9.00 A. M., and 3.30 P. M., during season.

CLEVER BANK SWINDLE.—In connection with the recent failure of the Maritime Bank, it has been discovered that bills of exchange which passed between the Stewart firm, Guy Bevan & Co. and the bank were indorsed by boys in the employ of the three concerns. The last English mail brought notices to several of these boys that bills bearing their names had been dishonored and asking them to provide for them. About a dozen boys were used for this purpose, and the operations have been going on for some time, bankers who accepted the bills thinking the indorsers were responsible parties. One lad has stated that when these firms and the Maritime Bank began handling the bills of exchange together no indorser was required save the person in whose name the bill was drawn, but as time passed on and the paper became known in New York and the Canadian markets, and some of the bankers demanded that in future a bill should bear more than one name, then the boys were called into requisition. The lads say they were never shown the faces of the bills, and, until they received notice, did not know the amounts that were contained in them. Some of them have indorsed to the extent of £4,000. Further developments are looked for.

THE NEW PENNSYLVANIA REVENUE LAW.—The following are the prominent points of the new revenue bill :

SECTION 1 imposes a tax of 3 mills on each dollar on all mortgages, moneys owing by solvent debtors, and all agreements and accounts bearing interest, except, 1st, mercantile book accounts; 2d, money in savings funds or banks to be drawn against by checks without notice. Bonds and stocks of banks and corporations are taxable. It exempts household furniture, gold and silver plate, pleasure carriages, and watches kept for use.

SEC. 2 gives half of net amount of State tax to county collecting the State tax.

SEC. 3 requires the treasurer of every city, county, borough of the State, and of every limited partnership and corporation doing business in the State which pays interest upon any loans taxable under first section, to make report under oath to the Auditor-General, the amount of such loans issued and outstanding and the names and addresses of owners within the State, how much they hold and the par value. A penalty of \$1,000 is imposed on any treasurer of corporation for failure to make report.

SEC. 10 requires persons lending money to pay the tax; and agreement of the person receiving money to pay tax is usury.

SEC. 19 compels moneys so received paid to State Treasury before the second Monday of August; county officers to receive same compensation as now.

SEC. 22 requires annual reports to be made by limited partnerships and corporations to the Auditor-General, of stock, number of shares, par value, amount paid in on each, amount of rate per centum of dividend.

SEC. 23 adds 10 per cent. to tax if reports are not in before end of year, and a forfeiture of charter if not made for three years in succession.

SEC. 24 provides for taxing of dividends.

SEC. 25 imposes an additional tax of 3 per cent. on annual net earnings or income of every private banker and broker, and every unincorporated banking and savings institution.

SEC. 26 imposes a tax of six-tenths of one per centum of gross receipts on any transportation, express, telegraph or telephone company, but when a company has a right to mine or purchase or sell coal, the moneys derived from sale of coal shall not be taxed, but an account of amount that would be charged for its transportation over its own line shall be kept and shall be returned with other receipts for taxation.

SEC. 27 imposes an additional tax of eight-tenths of one per centum on amount of premiums and assessments received by insurance companies of the State, except purely mutual beneficial associations whose funds, for the benefit of members, their families or heirs, are made up of the weekly or monthly contributions of the members. Insurance companies of other States shall be charged one and one-half per centum of gross premiums received in the State.

SEC. 28 assigns portions of the tax received to the State sinking fund.

SEC. 34 exempts corporations or limited partnerships, organized for manufacturing purposes, from taxation of any part of capital stock actually employed in State in manufacturing business, or its net earnings, except those manufacturing spirituous or vinous liquors, or those furnishing light or fuel by gas or electricity.

A BONUS of two per cent. and two dividends of five per cent. each make the distribution by the Bank of Montreal 12 per cent. for the year. A semi-annual dividend of three and one-half per cent. has been declared by the Merchants' Bank of Canada. The Federal Bank of Canada declares dividend at the rate of three per cent. for the current half year. The Ontario Bank declares three and a half per cent. as against three in the previous half year.

THE long expected statement of the Bank of Montreal shows an improvement on last year and is said to be nearly as good as was expected. The following is a summary of the statement: Balance of profit and loss account April 30, 1886, \$525,545.25; profits for the year ending April 31, 1887, after deducting charges of management and making full provision for all bad and doubtful debts, \$1,520,195.10; total, \$2,045,740.45; dividend 5 per cent. paid Dec. 1, 1886, \$600,000; dividend 5 per cent. payable June 1, 1887, \$600,000; bonus 2 per cent. payable June 1, 1887, \$240,000; total, \$1,440,000; balance of profit and loss carried forward, \$605,740.35. This, as compared with last year's statement, shows an increase in profits of \$54,219 and an increase of \$127,079 over 1885. The notes in circulation are \$5,204,072, as against \$4,956,639 in 1886, and \$6,047,968 in 1885. Discounts this year are \$27,468,802, against \$25,839,555 last year; overdue debts, \$145,012, against \$162,000 last year; deposits bearing interest, \$10,248,460, against \$10,817,976 last year; not bearing interest, \$7,075,922, against \$12,000,000 last year.

A LARGE SUM INVOLVED.—The case of Garret A. Hobart, Receiver of the First National Bank of Newark, against Mary A. Dovell and Louis Dovell, Executors, was on trial before Judge Depue in the Circuit Court. Louis Dovell was Receiving Teller of the bank, and the bank officers claimed that they had discovered a deficiency in his accounts of \$106,000. To cover this, Dovell's mother conveyed her property to the bank on condition that it should be returned if an examination of the books failed to show a deficiency. The examination did not satisfy Mrs. Dovell that her son's accounts were not correct, and she instituted a suit in chancery for the recovery of her property and a judgment was given in her favor. This judgment was reversed upon appeal to the Court of Errors, and the Receiver was directed to bring the present suit to ascertain the condition of Dovell's accounts.

IMPORTANT TO INVESTORS.—How to properly invest money is a problem which puzzles many, and one upon which it seems difficult to decide. The small rate of interest allowed in Government bonds, or by bond and mortgage investment in any of the eastern cities has driven capital to seek more profitable fields. There is a demand for money in the rapidly growing West, the security is ample, and the interest nearly double what it is in the Eastern States. But how shall the loan be made, to be perfectly secure and not require personal attention? We have examined the prospectus of the Jarvis-Conklin Mortgage Trust Company and find that it has taken a long step in solving the problem. It will invest the money in first mortgages drawing 6 and 7 per cent. interest, secured by productive farms in Kansas and Missouri, and improved real estate in Kansas City. The company guarantees the title, attends to insurance, collects and remits interest, and guarantees both principal and interest. One specialty of the company worthy of direct note is its Debenture bonds, drawing 6 per cent. and running ten years. These are in denominations of \$500, \$1000 and \$5000, and are secured by mortgages deposited with the Mercantile Trust Co., of New York. Investors should certainly look into the merits of this Mortgage Trust Co., the eastern office of which is in the Equitable building, New York city. The principal office is in Kansas City. Its paid up capital is a million dollars, and it is officered and managed by capable and responsible people.

QUEER DEEDS OF TRUST.—Deputy Clerk Henry Hardy was requested to put on record a deed of trust in which a small farmer pledged his best suit of clothes to the merchant who was to provide him with some needed provisions. The farmer regretfully stated that he had been compelled by the city merchant to furnish security. He had an old suit and thought he could stay away from church until next fall, when he would get in his crop and pay his debts. He was permitted to keep the clothes but was not to wear them out, and was made to understand that they were liable to execution in case he failed to meet his agreement. Another deed of trust recorded was for three chickens. They were all the impecunious farmer had, and as security of some kind was demanded, the chickens were put on paper. Numerous instances are on record where mules, cows, pigs, sewing machines, and even baby carriages have been pledged by small planters who applied for credit. Most of these are negroes, but quite a number of white men have obtained temporary relief from poverty by mortgaging property of the description given. Mule mortgages are by far the most common, however; next to mules, sewing machines are acceptable to the merchants, who, either through avarice or fear of being swindled, compel their debtors to give deeds of trust on articles which in many cases are valueless.—*Vicksburg Herald.*

THE THERY MILLIONS.—M. Steenackers, who was Postmaster-General under the Tours delegate government, and is now a member of the Chamber, has taken up the cause of the claimants to the sum of £25,000,000, which they contend is due to them by the State. What they say is this: in 1676 a Frenchman named Thery deposited £400,000 in the Bank of Venice and then died. For some time after his decease nobody came forward as his heir. Some swindlers then by means of forged papers tried to get hold of it, but failed. More than a century passed, when Bonaparte was ordered by the Directory to demand the principal and interest for the benefit of French subjects. They were paid to him, and he appropriated them to military uses. The State therefore became the debtor of the Thery family. Authentic heirs of the depositor of the £400,000 exist. That sum, with legal interest, now comes to £25,000,000.

VIRGINIA'S BURDEN.—The continued agitation in the Courts of Virginia's debt, bids fair to become an issue for the members of the Assembly this fall. The people do not rest easy under the recent decisions of Judge Bond of the United States Circuit Court, in the numerous coupon cases. The bond holders and the State authorities show no signs of retreating from the stand they have taken on the debt question, while many of the Democratic leaders favor an extra session of the Legislature to devise some means for preventing the coupons being received as taxes. They are in about as great a quandary as Gov. Lee, who would not hesitate to make the call could anyone present a feasible plan. So far none have been offered that promise any better fruit than those of the past Legislatures. It is the opinion among those best informed that the day is not far distant when the matter will take the form of a constitutional amendment, setting a very short period in which the holders may convert into Riddleberger bonds.

The decision rendered by Judge Bond in Baltimore recently, granting a writ of habeas corpus to Sherwood, the New York drummer, and others in the same business who had tendered coupons for their license taxes has caused a cessation of hostilities between the State and the representatives of the bondholders on that particular line until the questions involved can be passed upon by the Supreme Court of the United States. If that court decides against the State it is believed that the debt question will assume some new phase.

ANOTHER VICTIM OF STOCK GAMBLING.—Allentown, Pa., is having another financial sensation. Edgar Thompson, aged about 25 years, employed since 1871 in various positions at the Station of the Central Railroad of New Jersey and for the last few years as chief clerk, has been missing since Thursday morning. The snug sum of \$32,000 has been lost by him lately in stock gambling. His accounts with the railroad company are, so far as is known, all straight. He got a salary of \$65 per month, but this did not nearly suffice to meet his expenses, and as he had ideas of the Ferdinand Ward stripe, he cast about for means by which he could gratify his financial notions. He represented to his uncle that he was engaged in the fire brick business and that he sold lime, sand, &c., on commission. Thompson had printed billheads and statements, some of which he at intervals filled up and showed to his uncle to convince him of the good business he was doing. He kept a set of sham books, and every month sent Mr. Twining a bogus statement of orders, payments, etc., all of which represented him as doing a flourishing business. When he had his uncle convinced that he was on the road to financial success, he induced him to indorse drafts and notes, the money on which Thompson put in stocks. The First National Bank of Mauch Chunk also discounted his paper to the amount of thousands of dollars. Mr. Twining's loss is \$17,000 and the bank's \$15,000. In some of his stock transactions Thompson was very successful, and one day he came out \$6,000 ahead. With this money he paid a note at the Mauch Chunk bank and this made good his credit. His losses occurred on Jersey Central stock, of which he held 2,000 shares.

NOVEL CASE OF FORGERY.—Edward E. Ball, Tax Collector of Pompton township, Passaic county, N. J., was arrested recently and taken to Paterson on a charge preferred by Town Treasurer Daniel Wheeler, of having forged the names of two men as sureties on his bond. He was subsequently released on bail. Mr. Ball was elected in 1882, and is an energetic, driving young man, carrying on a large country store with his brother at Bloomingdale. He was re-elected Collector in 1885 and 1886 on a fusion ticket. Last year he got into trouble about some school moneys that came to his hands, but this was settled up. For the last two years there have been rumors about his management of the office that made it somewhat difficult for him to get sureties on the bonds which he was required to give to the township and county. In fact, for these two years he has given no bond to the county at all, but has made a point of paying up the county taxes out of the first moneys that came to his hands, and so promptly that Pompton has been the first township to settle up its county taxes in full. It was suspected by those who knew that this was done so that the county authorities might make no trouble about his failure to give bonds. The township taxes for 1886 amounted to about \$35,000. How much of this he has collected is not known, but the town Treasurer is satisfied that Mr. Ball has not yet paid over all that he has collected. The offense charged is quite a novel one.

THE WESTERN BANK OF CANADA appears to be doing a snug business, and from its last report has again earned twelve per cent. upon its average capital for the year, which is greater than it was a year ago. Ten thousand dollars has been added to rest and \$4,500 carried to profit and loss after paying 7 per cent. dividend. Deposits and circulation were both increased, current discounts are fully maintained—past-due bills showing, however, at twice the figure of last year—and the proportion of immediately-available assets is very creditable. A branch has been opened at Paisley, which makes the fourth established within the five years of the bank's existence.

NIMROD LONG.—Mr. Nimrod Long died at Russellville, Ky., April 24th, in his 74th year. The deceased was a prominent banker and capitalist, and was widely known on account of his connection with and interest in the affairs of the Baptist church. He leaves a large fortune.

DANIEL P. FORST, OF TRENTON, N. J.—Daniel P. Forst, president of the Mechanics' National Bank, and senior member of the wholesale grocery firm of D. P. Forst & Co., died suddenly at Trenton, aged 65 years. The deceased was born at New Hope, Penn., and commenced business in the lumber trade at Bristol. He went to Trenton in 1855, and engaged in the grocery business, and in partnership with Ex-Senator John Taylor, built up a firm which eventually became one of the richest in Trenton. He withdrew in 1870 and soon after became president of the Mechanics' National Bank.

WM. B. WOOD.—William Benjamin Wood died at his home, on Montgomery street, Covington, Ky., April 22. He was in the seventy-ninth year of his age, and has been a citizen of Covington since early in 1850. Probably no man in Covington has been more conspicuously identified with the banking institutions of this vicinity than the deceased. He was the first assistant cashier of the First National Bank of Covington, and he became subsequently the cashier of the Ohio National Bank in this city. His excellence as an accountant and financier made him of almost inestimable value, and the positions of important trust he held were numerous. He opened the books for the Lafayette Bank when it commenced business, and later did the same service for the Franklin Bank. He was an earnest, energetic, honest man, and in his long life no word was ever uttered to his discredit. His career was honorable and his decease will be the regret of the friends who knew and appreciated his worth.

HON. WASHINGTON C. DE PAUW, of New Albany, Indiana, who died on May 5th, was born at Salem, Washington County, Indiana, in 1821. He commenced life poor. He held the office of Clerk of Washington county, from 1846 to 1852. With his earnings in this office he laid the foundation of his colossal fortune. He was one of the principal stockholders in the old Bank of the State of Indiana; was president of the Bank of Salem, at Salem, and the Bank of Salem, at New Albany, before the war. During the war he was one of the heaviest contractors for Government supplies in the West. He was as public-spirited as wealthy. He owns the New Albany plate-glass and window-glass works, in which he has \$2,000,000 invested. He is the principal stockholder in the Ohio Falls Iron Works, New Albany Rail and Cable Road Supply Mill, New Albany Woolen and Cotton Mill, two large foundries, and half a dozen other extensive manufactories in this city. He leaves an estate of from ten to fifteen millions.

ROBERT MCKIM.—Robert McKim, a wealthy merchant, banker, and philanthropist, died at Madison, Indiana, May 9th. He was born in Ireland, County Tyrone, May 24, 1816. Having completed his apprenticeship as a stonemason, he was married and emigrated to this country, landing in Philadelphia, where he remained for about fifteen months as a journeyman at his trade. To try his fortunes he came West, and landed in Madison, in the fall of 1837, his entire capital consisting of his skill as a mechanic. He diligently applied himself to his trade until 1855, when he went into the coal business, and he had given this his attention ever since. Years ago he made fortunate investments in real estate in Indianapolis. He was a large stockholder and director in the First National Bank, the McKim-Cochran Furniture Company, a cotton mill company, and minor manufacturing establishments. He was president of the First National Bank at the time of his death.

DURING THE MONTH two men long known in banking circles in New York have finished their work, Thomas Monahan and William H. Macy.

At a special meeting of the Board of Directors of the Fulton National bank, the following paper was read and placed upon the minutes:

The death of Thomas Monahan has deprived the Fulton National Bank of a manager and Director whose counsels have been wise and conservative, and whose management during 28 years has given the bank the high position it has always maintained.

Mr. Monahan was unanimously elected President of the bank in 1859. From that date his life has been identified with the interests of the bank, over which he has watched with constant and never-failing care.

Through the many vicissitudes and changes which have marked the commercial history of the country since that date he has directed with wise and prudent judgment and management the trust confided to his care. Not only in his official capacity but in the nearer relations of social intercourse and friendship he was the kind adviser and warm-hearted friend of all who sought his assistance and sympathy.

The Directors of the Fulton National Bank desire to record this tribute of their affection and regard for him as a man and their sense of the loss which this bank and the community have sustained by his death.

The Trustees of the Seamen's Bank for savings adopted the following minute:

Whereas, It has pleased God to remove by death our late President, and

Whereas, By the decease of our much-valued friend and associate this board has lost a most active and efficient member, who for so many years performed the duties of his office with marked ability and courtesy, and this community one who in the course of a long and useful life has faithfully filled many positions of honor and trust,

Therefore, resolved, That this board has heard with profound regret of the death of its honored President.

OF THE LATE MR. CHARLES F. SMITHERS, President of the Bank of Montreal, the Montreal *Shareholder* says: "In the case of Mr. Smithers, it was not alone his position, but his personal influence which made him one of the most highly respected men in Canada. Of a quiet cautious temperament he lacked that dashing venturesome spirit which sometimes leads men to success and at others to ruin, but there was safety in his movements and his words were noted, his suggestions adopted, and his calculations and observations were regarded with respect by those who felt that his coolness and judgment applied to his official position, gave him opportunities which few enjoyed. Mr. Smithers was an Englishman by birth having been born in London, on 25th November, 1822. His early training was in commerce and finance which laid the foundation of that education which fitted him for the work awaiting his riper years. At 25 years of age he came to Canada as accountant of the Bank of British North America, subsequently taking charge of the agency at Brantford and later that at St. John, N. B. In 1858, he parted from the British North America and accepted the position of inspector of the Bank of Montreal, and in 1862, he went to New York and assumed the joint agency of the bank there, which he held for about a year, when he returned to Montreal, having accepted the agency of the London and Colonial Bank, but he only remained here two or three years. He then returned to New York and was again associated in the joint agency of the Bank of Montreal. In 1879, the general managership of the bank became vacant, and the offer of the position was accepted by him. In 1881, he became President, which office he occupied up to the date of his death."

TRADE DOLLAR REDEMPTION.—Reports received at the Treasury Department show that up to May 10, 6,500,426 trade dollars have been redeemed to date. The principal redemption was in Philadelphia. The law authorizing the redemption of trade dollars has already been in operation over two months, and has nearly four months to run. It was originally estimated that there were about 7,000,000 of these coins in this country, and the redemptions show that the estimate is nearly correct. Importations from China and Japan may swell the amount to 8,000,000.

NEW BANKS, BANKERS, AND SAVINGS BANKS.

(Monthly List, continued from May No., page 865.)

<i>State.</i>	<i>Place and Capital.</i>	<i>Bank or Banker.</i>	<i>Cashier and N. Y. Correspondent.</i>
N. Y. CITY.....		Western National Bank.....	
	\$3,500,000	Daniel Manning, <i>Pr.</i> Ferdinand Blankenhorn, <i>Cas.</i>	
ALA.... Decatur.....		First National Bank.....	Mechanics' National Bank.
	\$100,000	Christoph. C. Harris, <i>Pr.</i> Wm. W. Littlejohn, <i>Cas.</i>	
CAL.... Escondido.....		Bank of Escondido.....	Chemical National Bank.
	\$20,000	Wm. W. Thomas, <i>Pr.</i> Julius H. Anderson, <i>Cas.</i>	
" .. Los Angeles.....		East Side Bank.....	Seaboard National Bank.
	\$10,000	Wm. Vickrey, <i>Pr.</i> Uri Embody, <i>Cas.</i>	
COL.... Lamar.....		Lamar State Bank.....	First National Bank.
	\$15,000	Francis Hall, <i>Pr.</i> Geo. Theis, Jr., <i>Cas.</i>	
DAK.... Central City.....		Central City Bank.....	Chase National Bank.
	\$25,000	Wm. R. Stebbins, <i>Pr.</i> Fred. M. Clary, <i>Cas.</i>	
" .. Dawson.....		Dawson Banking Co.....	Winslow, Lanier & Co.
	\$15,000	J. D. Thomson, <i>Pr.</i> Ernest F. Heyd, <i>Cas.</i>	
" .. Devils Lake.....		Merchants' Nat'l Bank.....	Gilman, Son & Co.
	\$50,000	F. R. Fulton, <i>Pr.</i> E. A. Gowran, <i>Cas.</i>	
" .. Fargo.....		Dak. Guaranty Sav. B'k.....	
	\$25,000	P. B. Smith, <i>Pr.</i> Burleigh F. Spalding, <i>Sec. & Tr.</i>	
DEL.... Seaford.....		Sussex National Bank.....	
	\$50,000		M. J. Morgan, <i>Cas.</i>
ILL.... Atlanta.....		Atlanta National Bank..	
	\$50,000	Samuel H. Fields, <i>Pr.</i> John P. Hieronymus, <i>Cas.</i>	
" .. Chicago.....		Fort Dearborn Nat'l B'k.....	United States National Bank.
	\$500,000	Homer N. Hibbard, <i>Pr.</i> Seymour Walton, <i>Cas.</i>	
IOWA... Council Bluffs.....		Burnham, Tulleys & Co.....	Gilman, Son & Co.
" .. Neola.....		Farm. & Merchants' B'k.....	Chase National Bank.
		Chas. R. Hannan, <i>Pr.</i> T. G. Turner, <i>Cas.</i>	
" .. Shelby.....		Citizens' Bank.....	Fourth National Bank.
	\$25,000	(Clapp & Davis) Geo. H. Rink, <i>Cas.</i>	
KAN.... Ashland.....		First National Bank.....	
	\$50,000	Oliver C. Ewart, <i>Pr.</i> John C. Thurman, <i>Cas.</i>	
" .. Coldwater.....		First National Bank.....	
	\$52,000	Edgar Henderson, <i>Pr.</i> John P. Jones, <i>Cas.</i>	
" .. Eustis.....		Citizens' Bank.....	First National Bank.
		E. D. Kemp, <i>Pr.</i> E. A. Compton, <i>Cas.</i>	
" .. Kansas City.....		First National Bank.....	
	\$100,000	J. D. Wilson, <i>Pr.</i> Wm. Albright, <i>Cas.</i>	
" .. Meade Center.....		First National Bank.....	
	\$50,000	Michael J. O'Meara, <i>Pr.</i> Matthew H. Ewart, <i>Cas.</i>	
MICH... Detroit.....		Am. Bkg. & Sav. Asso.....	Tradesmen's National Bank.
	\$200,000	Wm. H. Stevens, <i>Pr.</i> John M. Nicol, <i>Cas.</i>	
MINN... Duluth.....		The State B'k of Duluth.....	
	\$50,000	W. K. Rogers, <i>Pr.</i> Martin O. Hall, <i>Cas.</i>	
MO.... Liberty.....		First National Bank.....	
	\$50,000	Daniel Hughes, <i>Pr.</i> James T. Riley, <i>Cas.</i>	
NEB.... Grant.....		Farmers & Merchants' B'k.....	Gilman, Son & Co.
		Samuel N. Harvey, <i>Pr.</i> Jerome L. Beard, <i>Cas.</i>	
" .. Louisville.....		Bank of Commerce.....	
	\$25,000	C. H. Parmele, <i>Pr.</i> C. A. Manker, <i>Cas.</i>	
" .. Spaulding.....		Bank of Spaulding.....	
		T. D. Connell, <i>Pr.</i> W. E. Hannon, <i>Cas.</i>	
N. J.... New Brunswick.....		People's National Bank..	National Park Bank.
	\$100,000	Geo. W. De Voe, <i>Pr.</i> T. E. Schanck, <i>Cas.</i>	
" .. Rahway.....		Union County Bank.....	
	\$50,000	Edward S. Savage, <i>Pr.</i> M. W. Brett, <i>Cas.</i>	
" .. Trenton.....		Broad Street Nat'l Bank.....	
	\$100,000	Lewis Parker, <i>Pr.</i> Jos. G. Brearley, <i>Cas.</i>	
N. Y.... Canton.....		First National Bank.....	Mercantile National Bank.
	\$65,000	Dolphus S. Lynde, <i>Pr.</i> John Pickens, <i>Cas.</i>	

<i>State.</i>	<i>Place and Capital.</i>	<i>Bank or Banker.</i>	<i>Cashier and N. Y. Correspondent.</i>
N. Y....	Gloversville.....	Mfs. & Merchants' Bank.	National Park Bank.
	\$50,000	Wm. H. Place, <i>Pr.</i>	Edward Wells, <i>Cas.</i>
" ..	Wayland.....	Morris & Morris.....	Chase National Bank.
OHIO...	Cincinnati.....	Equitable National Bank.	.....
	\$350,000	Frank H. Reno, <i>Pr.</i>	John M. Blair, <i>Cas.</i>
PENN...	Harrisburg	Merchants' Nat'l Bank...	.....
	\$100,000	H. D. Hemler, <i>Pr.</i>	John R. Shoemaker, <i>Cas.</i>
" ..	Williamsport...	Merchants' Nat'l Bank...	.....
	\$100,000	J. Wood Mussina, <i>Pr.</i>	John H. Boyer, <i>Cas.</i>
" ..	Williamsport...	Cochran, Payne & Mc Cormick.	Brown Bros. & Co.
		Edward J. Larkins, <i>Cas.</i>	.....
S. C....	Aiken	Bank of Aiken.....	Importers & Traders' Nat'l Bank.
		F. B. Henderson, <i>Pr.</i>	W. M. Huston, <i>Cas.</i>
TENN...	Fayetteville...	Elk National Bank.....	.....
	\$50,000	Robt. D. Warren, <i>Pr.</i>	Wm. B. Donthat, <i>Cas.</i>
TEX....	Granbury.....	First National Bank.....	Mercantile National Bank.
	\$50,000	Geo. W. Eastwood, <i>Pr.</i>	Abraham U. Thomas, <i>Cas.</i>
Wis....	Fond du Lac...	Fond du Lac Nat'l Bank.	First National Bank.
	\$100,000	Chas. A. Galloway, <i>Pr.</i>	Gaines A. Knapp, <i>Cas.</i>
" ..	Merrill.....	First National Bank. ....	.....
	\$50,000	Leander Choate, <i>Pr.</i>	J. W. Ladd, <i>Cas.</i>
" ..	Washburn.....	Bank of Washburn.....	National Park Bank.
	\$15,000	(A. C. Probert)	.....

CHANGES, DISSOLUTIONS, ETC.

(Monthly List, continued from May No., page 869.)

ALA....	Decatur	Bank of Decatur; now First National Bank.
DAK....	Central City. .	Stebbins, Mund & Fox; now Central City Bank.
" ..	Dawson	Neill Bros.; succeeded by Dawson Banking Co.
ILL....	Byron.....	Byron Bank (D. H. Campbell); now J. C. Woodburn, prop.
" ..	Chicago	Leopold Mayer; now Leopold Mayer & Son.
" ..	Freeport.....	Freeport National Bank; changed to First National Bank.
" ..	Maple Park ...	E. P. Robertson; now E. P. Robertson & Co.
" ..	Verona.....	Verona Bank is closing out.
" ..	Virden	The Bank of Virden; Caldwell, Henderson & Co. now proprietors.
IND....	Paoli.....	Orange County Bank; Bowles, Stout & Co. now proprietors.
IOWA...	Council Bluffs.	Council Bluffs National Bank; succeeded by Burnham, Tulleys & Co.
KAN....	Leavenworth ..	German Bank; business transferred to First National Bank.
" ..	Meade Center..	Bank of Meade Center; succeeded by First National Bank; same officers.
" ..	Wichita.....	Bank of Wichita; succeeded by Fourth National Bank.
" ..	Yates Center...	Yates Center Bank (Dickerson & Opdyke); now Winter & Opdyke, proprietors.
MASS..	Boston	Gould & Hall; now Gould, Hall & Mills.
MICH...	East Tawas....	Benj. Richards & Co.; succeeded by J. H. Schmeck & Co.
" ..	Norway	L. J. Kimball; succeeded by S. F. High.
NEB....	Ainesworth....	Bank of Ainesworth (J. F. Burns); now Rogers & Rising, proprietors.
" ..	Rulo	Bank of Rulo; succeeded by First National Bank.
N. J....	Rahway.	National Bank of Rahway; succeeded by Union Co. Bank.

CHANGES OF PRESIDENT AND CASHIER.

(Monthly List, continued from May No., page 870.)

	<i>Bank and Place.</i>	<i>Elected.</i>	<i>In place of</i>
N. Y. CITY.	American Exchange Nat'l Bank.	Dumont Clarke, <i>V. Pr.</i>...	.....
"	Western National Bank..	Edward Burns, <i>Cas.</i>	Dumont Clarke.
		Conrad N. Jordan, <i>V. Pr.</i>.....	.....
		H. A. Smith, <i>As'st Cas.</i>.....	.....
ALA....	Birmingham N.B., Birmingham	B. C. Scott, <i>V. Pr.</i>.....	.....
"	Com. Fire Ins. Co., Montgomery	W. H. Hubbard, <i>Sec.</i>	Thos. E. Hannon.
"	Merchants' Nat'l B., Tuscaloosa.	B. Friedman, <i>V. Pr.</i>.....	.....
ARK....	First National Bank, Helena...	John P. Moore, <i>V. Pr.</i>.....	.....
COL....	First Nat'l B., Glenwood Spgs.	W. B. Devereux, <i>V. Pr.</i>.....	.....
"	Jefferson County Bank,	W. H. Whitehead, <i>Pr.</i>	John Nicholls.
	Golden.	Lee Larison, <i>Cas.</i>	A. G. Smith.
CONN...	Mechanics Savings Bank,	H. B. Steele, <i>Pr.</i>	Lyman R. Norton.
	Winsted.	C. B. Hallett, <i>V. Pr.</i>	H. B. Steele.
		Lyman R. Norton, <i>Treas.</i>	Elias E. Gilman.*
DAK....	Merchants' National Bank,	Edw. W. Marlin, <i>V. Pr.</i>	S. Bullock.
"	Deadwood.	Wm. Selbie, <i>Cas.</i>	Alvin Fox.
"	First National Bank, De Smet.	Philip Lawrence, <i>Cas.</i>	Walter N. Carroll.
"	First National Bank, Mandan..	H. Van Vleck, <i>Cas.</i>	H. Van Vleck, Jr.
"	First National Bank, Mayville.	J. P. Habet, <i>V. Pr.</i>.....	.....
"	Bank of Oakes, Oakes.....	T. F. Marshall, <i>Cas.</i>	C. A. Baker.
"	First National Bank,	J. M. Bailey, Jr., <i>V. Pr.</i>.....	.....
	Parker.	F. L. Clisby, <i>Ass't Cas.</i>.....	.....
"	Minnehaha Nat'l B., Sioux Falls	S. L. Tate, <i>V. Pr.</i>	C. S. Palmer.
"	Aurora County Bank,	Frank R. Preston, <i>Pr.</i>	F. S. Rowley.
	White Lake.	John P. Vogel, <i>Cas.</i>	Frank R. Preston.
D. C....	Nat'l B. of Washington, Wash.	Chas. E. White, <i>Ass't C.</i>.....	.....
FLA ...	First National Bank,	E. P. Hyer, <i>V. Pr.</i>.....	.....
	Orlando.	Nat. Poyntz, <i>Cas.</i>	J. H. Vivion.
		B. B. Poyntz, <i>Ass't Cas.</i>	W. B. Newton.
GA.....	Chattahoochee N. B., Columbus	E. H. Epping, <i>Cas.</i>	R. M. Mulford.
ILL....	Aurora National Bank,	O. D. Powell, <i>Pr.</i>	O. D. Howell.
	Aurora.	Chas. C. Earle, <i>V. Pr.</i>	O. D. Powell.
"	Fort Dearborn N. B., Chicago.	E. E. Crepin, <i>V. Pr.</i>.....	.....
"	Bank of Girard, Girard.....	John F. Roach, <i>Pr.</i>	J. D. Metcalf.*
		Henry C. Hamilton, <i>V.P.</i>	.....
"	First National Bank, Mattoon..	J. M. Metcalf, <i>Cas.</i>	Hy. C. Hamilton.
"	First National Bank,	Preston F. McNair, <i>Cas.</i>	C. E. Wilson.
	Springfield.	H. K. Weber, <i>V. Pr.</i>.....	.....
IND	Angola Bank, Angola.....	W. W. Tracy, <i>Cas.</i>	H. K. Weber.
"	Orange County Bank, Paoli....	Wm. Wickwire, <i>Cas.</i>	A. Osborn.
"	National State Bank,	Wm. T. Hicks, <i>Cas.</i>	Wm. A. Salter.
IOWA...	Burlington.	John J. Fleming, <i>Cas.</i>	T. G. Foster.
"	Clear Lake Bank, Clear Lake.	J. W. Brooks, <i>Ass't Cas.</i>	John J. Fleming.
"	First National Bank,	L. P. Jones, <i>Pr.</i>	Geo. E. Frost.
	Creston.	T. J. Potter, <i>V. Pr.</i>	E. J. Bush.
"	Bank of Hubbard, Hubbard.....	E. J. Bush, <i>Cas.</i>	F. D. Ball.
"	Bank of Maynard, Maynard....	D. E. Byam, <i>Cas.</i>	E. G. Swem.
"	B'k of New Market, N. Market.	F. E. Blethen, <i>Cas.</i>	Delos Watenpaugh
"	Bank of Schaller, Schaller....	G. I. Miller, <i>Cas.</i>	C. B. Hutton.
"	Farmers' Nat. B., Webster City.	H. L. Leland, <i>Cas.</i>	C. A. Blossom.
KAN....	Exchange Bank, Cedarville....	W. P. Miller, <i>Acting Cas.</i>	A. L. Denio.
"	Centralia State Bank,	F. Everest, <i>Pr.</i>	W. W. Hethering'n
	Centralia.	C. S. Cummings, <i>Pr.</i>	Jno. S. Hidden.
"	First Nat'l Bank, Greensburgh.	A. J. Best, <i>V. Pr.</i>	C. S. Cummings.
"	First National Bank,	James H. Bacon, <i>Cas.</i>	Geo. S. Murphey.
	Leavenworth.	W. P. Rice, <i>V. Pr.</i>	J. M. Graybill.
"	First Nat'l B'k, Meade Center..	J. M. Graybill, <i>2d V. P.</i>.....	.....
"	First National Bank,	J. W. Fogler, <i>Cas.</i>	Geo. Vanderwerker
	Norton.	James A. Blair, <i>V. Pr.</i>.....	.....
		J. J. Grier, <i>V. Pr.</i>.....	.....
		W. H. Willemeyer, <i>As. C.</i>	.....

* Deceased

	<i>Bank and Place.</i>	<i>Elected.</i>	<i>In place of</i>
KAN....	First National Bank, Russell.	Chas. A. Wolcott, <i>V. Pr.</i>	.....
	.. Fourth National Bank, Wichita.	V. K. Hoover, <i>Ass't C.</i>	.....
KY....	Nat'l B. of Cynthia, Cynthia.	Geo. H. Blackwelder, <i>V. P.</i>	.....
LA....	Ouachita Nat'l Bank, Monroe.	A. H. Ward, <i>Pr.</i>	P. Kirtley.*
ME....	First National Bank, Augusta.	Frank P. Stubbs, <i>V. Pr.</i>	.....
MD....	Drov. & Mech. N. B., Baltimore.	C. S. Hichborn, <i>Cas.</i>	John W. Fogler.
	.. Chestertown N. B., Chestertown.	J. D. Wheeler, <i>Cas.</i>	J. D. Wheeler, Jr.
MASS...	First National Bank, Amherst.	Chas. T. Westcott, <i>Pr.</i>	Geo. B. Westcott.*
	.. Old Boston Nat'l Bank, Boston.	Herbert Cowles, <i>Cas.</i>	R. J. D. Westcott.
	.. Charles River N. B., Cambridge.	Chester S. Stoddard, <i>Cas.</i>	F. L. Church.
	.. First National B'k, Fall River.	Chas. E. Raymond, <i>Pr.</i>	David B. Flint.
	.. Lawrence Nat'l B'k, Lawrence.	Everett M. Cook, <i>Cas.</i>	C. E. Hendrickson
	.. N. B. of So. Reading, Wakefield.	H. L. Sherman, <i>Cas.</i>	John R. Rollins.
MICH..	Am. Bkg. & Sav. Asso., Detroit.	Daniel G. Walton, <i>V. Pr.</i>	.....
	.. The People's Savings Bank, Detroit.	John V. Moran, <i>V. Pr.</i>	.....
		M. W. O'Brien, <i>Pr.</i>	.....
		Anton Pulte, <i>V. Pr.</i>	.....
		F. A. Schulte, <i>2d V. Pr.</i>	.....
		S. B. Coleman, <i>Cas.</i>	M. W. O'Brien.
	.. St. Johns Nat'l Bank, St. Johns.	P. E. Walsworth, <i>Cas.</i>	G. Pennell.
MINN...	Union National B'k, Rochester.	H. O. Fishback, <i>Ass't Cas.</i>	G. D. Parmelee.
	.. Commercial Nat'l B., St. Paul.	Chas. Kittelson, <i>2d V. P.</i>	.....
MISS....	First National Bank, Natchez.	Joseph F. Foard, <i>Pr.</i>	A. G. Campbell.
		Isaac Lowenburg, <i>V. Pr.</i>	.....
		A. G. Campbell, <i>Cas.</i>	B. W. Owsley.
		B. W. Owsley, <i>Ass't Cas.</i>	.....
		Geo. Milbank, <i>V. Pr.</i>	.....
MO....	First National Bank, Chillicothe.	A. Johnson, <i>Cas.</i>	.....
		J. W. Hyde, <i>Ass't Cas.</i>	.....
MONT..	First N. B., White Sulphur Spgs.	David E. Folsom, <i>Cas.</i>	Jas. H. Moe.
NEB....	Bank of Ainsworth, Ainsworth.	R. S. Rising, <i>Cas.</i>	J. H. Rogers.
	.. Chadron Bkg. Co., Chadron.	A. C. Putnam, <i>Pr.</i>	Burr Shelton.
	.. First National Bank, Columbus.	Herm. P. H. Oehlrick, <i>V. P.</i>	.....
	.. Hitchcock County Bank, Culbertson.	A. D. King, <i>Pr.</i>	W. G. Templeton.
		W. G. Templeton, <i>V. Pr.</i>	.....
	.. Exeter National Bank, Exeter.	W. H. Taylor, <i>V. Pr.</i>	C. C. Vennum.
	.. Fremont Nat'l Bank, Fremont.	Julius Beekman, <i>Cas.</i>	.....
	.. Grand Island Banking Co., Grand Island.	G. B. Bell, <i>Cas.</i>	James P. Kernohan
		W. B. Carey, <i>Ass't Cas.</i>	G. B. Bell.
	.. First National Bank, Rulo.	Joseph H. Miles, <i>V. Pr.</i>	.....
	.. York National Bank, York.	Lee Love, <i>Cas.</i>	E. M. Battis.
		E. J. Wightman, <i>Ass't C.</i>	Lee Love.
N. H....	Sav. B. for Co. of Strafford, Dover.	Chas. W. Woodman, <i>Pr.</i>	.....
	.. Meredith Village Sav. B., M. V.	Geo. G. Hoyt, <i>Pr.</i>	.....
	.. Wolfboro' Savings Bank, Wolfborough.	A. H. Rust, <i>Pr.</i>	.....
		Chas. G. Cate, <i>Act'g.</i>	.....
N. J....	Farmers' National Bank, Allentown.	E. E. Hutchinson, <i>Act. C.</i>	T. E. Schanck.
		Wm. C. Smith, <i>Ass't Cas.</i>	E. E. Hutchinson.
	.. Third National Bank, Jersey City.	Henry Sembeck, <i>V. Pr.</i>	.....
		Delevany DeLong, <i>2d V. P.</i>	.....
		Geo. H. Farrier, <i>Ass't C.</i>	.....
	.. People's Nat'l B., N. Brunswick.	H. G. Norton, <i>V. Pr.</i>	.....
	.. City National Bank, Plainfield.	Francis H. Gardner, <i>Cas.</i>	Jos. M. Myers.*
	.. Broad Street Nat'l B'k, Trenton.	Joseph Y. Lanning, <i>V. Pr.</i>	.....
	.. Mechanics' Nat'l Bank, Trenton.	John Moses, <i>Pr.</i>	Daniel P. Forst.*
	.. Mechanics' Nat'l B'k, Trenton.	John S. Chambers, <i>V. Pr.</i>	.....
N. Y....	First National Bank, Canton.	B. Hodskin, <i>V. Pr.</i>	.....
	.. First National Bank, Edmeston.	H. C. Brockway, <i>V. Pr.</i>	.....
	.. First National Bank, Geneva.	Thomas H. Chew, <i>Cas.</i>	Wm. T. Scott.
	.. First National Bank, Mechanicsville.	Geo. Rogers, <i>Pr.</i>	John C. Greene.
		Wm. W. Smith, <i>V. Pr.</i>	.....
	.. Moravia National B'k, Moravia.	J. P. Cady, <i>V. Pr.</i>	J. F. Green.
	.. State B. of Norwood, Norwood.	L. R. Ashley, <i>V. Pr.</i>	.....
	.. Citizens' N. B., Saratoga Spgs.	H. Newell, <i>V. Pr.</i>	W. H. Clement.
N. C....	First National B'k, Statesville.	J. C. Irvin, <i>V. Pr.</i>	.....
OHIO...	City National Bank, Canton.	W. W. Clark, <i>Pr.</i>	Peter H. Barr.
OREGON	Metropolitan Sav. B., Portland.	D. F. Sherman, <i>Cas.</i>	C. P. Hogue.
	.. Portland Nat'l Bank, Portland.	Wm. Lowe, <i>Acting Cas.</i>	D. F. Sherman.

* Deceased.

FLUCTUATIONS OF THE NEW YORK STOCK EXCHANGE, MAY, 1887.

Opening, Highest, Lowest and Closing Prices of Stocks and Bonds in May.				RAILROAD STOCKS.				MISCELLANEOUS.			
Opening.	Highest.	Lowest.	Closing.	Opening.	Highest.	Lowest.	Closing.	Opening.	Highest.	Lowest.	Closing.
GOVERNMENTS.				RAILROAD STOCKS.				MISCELLANEOUS.			
4% N. Y. 1877 reg.	109	107	106	Col. Coal & Iron	49 1/4	53 1/4	50 1/4	Norfolk & Western	20 1/4	20 3/4	21 1/4
4% N. Y. 1877 reg.	111	110	110	Col. H. Valley & Tol.	31 1/4	37 1/4	30 3/4	Do Do	55 1/4	55 1/4	53 1/4
4% N. Y. 1877 reg.	120	120 1/2	118 1/2	Del. & Hudson	104	105 1/4	102 1/4	Northam Pacific	30 1/4	29 3/4	32 1/4
4% N. Y. 1877 reg.	120	120 1/2	118 1/2	Del. & W.	137	137 1/4	130 1/4	Do Do	61 1/4	61 1/4	63 1/4
4% N. Y. 1877 reg.	120	120 1/2	118 1/2	Den. & Rio Grande	137	137 1/4	130 1/4	Ohio & Mississippi	30 1/4	29 3/4	30 1/4
4% N. Y. 1877 reg.	120	120 1/2	118 1/2	Do	137	137 1/4	130 1/4	Do Do	30 1/4	29 3/4	30 1/4
4% N. Y. 1877 reg.	120	120 1/2	118 1/2	East Tenn. V. & G.	137	137 1/4	130 1/4	Ohio Southern	22	19 1/4	—
4% N. Y. 1877 reg.	120	120 1/2	118 1/2	Do	137	137 1/4	130 1/4	Oregon R. & N.	54 1/4	38 1/4	54 1/4
4% N. Y. 1877 reg.	120	120 1/2	118 1/2	Fort Worth & Den.	137	137 1/4	130 1/4	Oregon St. R. L.	104	101	104
4% N. Y. 1877 reg.	120	120 1/2	118 1/2	Houston & Texas C.	137	137 1/4	130 1/4	Oregon & Trans-Con.	39	37	37 1/4
4% N. Y. 1877 reg.	120	120 1/2	118 1/2	Illinois Central	137	137 1/4	130 1/4	Pacific Mail	35 1/4	33 1/4	34 1/4
4% N. Y. 1877 reg.	120	120 1/2	118 1/2	Indiana, Bloom. & Western	137	137 1/4	130 1/4	Pacific, Decca. & Evansville	57 1/4	54 1/4	55 1/4
4% N. Y. 1877 reg.	120	120 1/2	118 1/2	Lake Erie & Western	137	137 1/4	130 1/4	Philadelphia & Reading	35 1/4	33 1/4	34 1/4
4% N. Y. 1877 reg.	120	120 1/2	118 1/2	Lake Shore	137	137 1/4	130 1/4	Pullman & Car Co.	45 1/4	44 1/4	47 1/4
4% N. Y. 1877 reg.	120	120 1/2	118 1/2	Long Island	137	137 1/4	130 1/4	Richmond & Allegheny	159 1/4	150	—
4% N. Y. 1877 reg.	120	120 1/2	118 1/2	Louisville, N. Alb. & Chic.	137	137 1/4	130 1/4	Rich. & W. P. Term.	6 1/4	4	—
4% N. Y. 1877 reg.	120	120 1/2	118 1/2	Manhattan Consol.	137	137 1/4	130 1/4	Rome, W. & Ogd.	38 1/4	38 1/4	39 1/4
4% N. Y. 1877 reg.	120	120 1/2	118 1/2	Memphis & Charleston	137	137 1/4	130 1/4	St. Louis, A. & T. H.	44	44	43
4% N. Y. 1877 reg.	120	120 1/2	118 1/2	Michigan Central	137	137 1/4	130 1/4	Do Do	75	75	75
4% N. Y. 1877 reg.	120	120 1/2	118 1/2	Min. L. S. & W.	137	137 1/4	130 1/4	St. Louis & San Francisco	44 1/4	44 1/4	44 1/4
4% N. Y. 1877 reg.	120	120 1/2	118 1/2	Do	137	137 1/4	130 1/4	Do Do	37 1/4	37 1/4	37 1/4
4% N. Y. 1877 reg.	120	120 1/2	118 1/2	Minn. & St. Louis	137	137 1/4	130 1/4	Do Do	84 1/4	84 1/4	83 1/4
4% N. Y. 1877 reg.	120	120 1/2	118 1/2	Mo. Kan. & Texas	137	137 1/4	130 1/4	St. Paul & Duluth	117	117	87 1/4
4% N. Y. 1877 reg.	120	120 1/2	118 1/2	Missouri Pacific	137	137 1/4	130 1/4	Do Do	66 1/4	65 1/4	66 1/4
4% N. Y. 1877 reg.	120	120 1/2	118 1/2	Mobile & Ohio	137	137 1/4	130 1/4	St. Paul & Northern P.	114 1/4	114 1/4	113 1/4
4% N. Y. 1877 reg.	120	120 1/2	118 1/2	Morris & Essex	137	137 1/4	130 1/4	St. Paul, M. & M.	114 1/4	114 1/4	113 1/4
4% N. Y. 1877 reg.	120	120 1/2	118 1/2	Nashville, Chat. & St. L.	137	137 1/4	130 1/4	South. Pac. & Iron	34 1/4	34 1/4	34 1/4
4% N. Y. 1877 reg.	120	120 1/2	118 1/2	N. Y. C. & Hudson	137	137 1/4	130 1/4	Tenn. Coal & Iron	44 1/4	44 1/4	39 1/4
4% N. Y. 1877 reg.	120	120 1/2	118 1/2	N. Y. C. & St. L.	137	137 1/4	130 1/4	Texas & Pacific	30 1/4	30 1/4	34 1/4
4% N. Y. 1877 reg.	120	120 1/2	118 1/2	N. Y. Lock & W.	137	137 1/4	130 1/4	Union P. & F.	61 1/4	60 1/4	60 1/4
4% N. Y. 1877 reg.	120	120 1/2	118 1/2	N. Y. L. E. & W.	137	137 1/4	130 1/4	Virginia Midland	42 1/4	42 1/4	42 1/4
4% N. Y. 1877 reg.	120	120 1/2	118 1/2	N. Y. & New Eng.	137	137 1/4	130 1/4	Wabash, St. Louis & Pacific	80 1/4	80 1/4	81 1/4
4% N. Y. 1877 reg.	120	120 1/2	118 1/2	N. Y. Ont. & W.	137	137 1/4	130 1/4	Do Do	36 1/4	35 1/4	36 1/4
4% N. Y. 1877 reg.	120	120 1/2	118 1/2	N. Y. Sun. & W.	137	137 1/4	130 1/4	Miscellaneous—	144	143	143
4% N. Y. 1877 reg.	120	120 1/2	118 1/2	Do	137	137 1/4	130 1/4	Express—Adams	114 1/4	114 1/4	117
4% N. Y. 1877 reg.	120	120 1/2	118 1/2	Do	137	137 1/4	130 1/4	American	64 1/4	63 1/4	63 1/4
4% N. Y. 1877 reg.	120	120 1/2	118 1/2	Do	137	137 1/4	130 1/4	United States	124 1/4	124 1/4	124 1/4
4% N. Y. 1877 reg.	120	120 1/2	118 1/2	Do	137	137 1/4	130 1/4	Wells-Fargo	124 1/4	124 1/4	124 1/4
4% N. Y. 1877 reg.	120	120 1/2	118 1/2	Do	137	137 1/4	130 1/4	Western Union	70 1/4	70 1/4	71 1/4

NOTES ON THE MONEY MARKET.

A FINANCIAL AND COMMERCIAL REVIEW.

The month of May has been a surprise in some branches of business and a disappointment in others. Spring trade started off well in the wholesale and jobbing branches, and was ahead of last year, as country and retail city trade generally bought more freely than for several years, in March, in expectation of a larger business in consequence of the improvement in the times, and also to get the cut freight rates in anticipation of the operations of the Inter-State Commerce law in April.

As a result, which was noted in our last, the April volume of business was lighter than usual; but it was expected to show an increase for May. Reports from traveling men in the Eastern and Middle States, show that it has been a disappointment in nearly all lines of manufactured goods, for which the retail demand is said to have been less than for April and May of last year. The causes assigned are, in cases, the backward season. But when compared with last spring, this season has been little if any more backward than last, and hence does not explain this year's deficit. But the majority agree that this loss of trade is due chiefly to the strikes of a year ago, which have entailed the loss of millions of money to both laboring men and capitalists who have less surplus earnings from last year, to spend this year, than they had a year ago. Not only this, but they say the fear of losses from the strikes of this year and the unsettled and unfriendly relations of capital and labor, are making people timid, and both classes are rather keeping what they have, against an evil day, and spending as little of what they are making, as possible. In the West this is not so generally complained of as East, for the reason that the pushing of new railroads and extensions of old systems and the activity in new manufacturing industries in the far West, as well as the active speculation in real estate, are making times better and money more plenty in that section of the country than in the East. The same is true of the South, as a rule, and hence the slow return of money from the South and West this year, where far more than usual has gone, and gone to stay, or until there is a reaction from the present activity. This latter has been one of the surprises of the past month, alluded to at the beginning of this article, as the lighter spring trade in the East and Middle States has been the chief disappointment. Another, and the chief of the surprises, has been the continued increase in the earnings of the railroads during April, which have been returned the past month, and show that while the tonnage was largely reduced from that of March, owing to the rushing of April business forward in March to avoid the Inter-State Commerce law in April, and even materially less than in 1886, the earnings have been as much larger in April, this year, than last, as they were in March, this year, than last. The result of this was to start up speculation on the bull side of the stock market, and carry prices to the highest point in many cases on the reaction of 1885-87. This was due in good part to home buying, and largely of an investment character, by parties who are turning attention from bonds that are paying 4 per cent. or less interest, on the

market price, and seeking some less gilt-edged bonds or dividend stocks that promise both a larger interest and a greater advance. Hence, the junior issues of the older roads and their stocks, as well as the first mortgage bonds of the newer roads and reorganized properties, have attracted more buying and have advanced more sharply, including some specialties, than the high-priced, or low rate interest, first mortgage bonds of the older roads. At the close of the month, however, this upward movement halted, and in some properties seems to have culminated, as the cliques have taken advantage of this renewal of activity to dispose of a good many pooled stocks on which they had received large loans to carry them through the dullness of March and April, which might be difficult to raise should the money market work still closer later in the summer, as has come to be quite generally feared of late. Indeed, this fear has had its effect in causing this halt, and it is now an accepted belief that the United States Treasury will be called on to anticipate the redemption of its bonds before maturity, by purchases in the open market, by next fall, when the new crops begin to move, if not before.

Notwithstanding the great ease of the European money markets, our own money market now stands as a barrier to much further advance in the prices of either stocks or bonds, barring some of the specialties that are still on the hands of the cliques. Europe has not been so free a buyer of our securities for some time past, although taking enough all the time to keep the foreign exchange market easy, together with a better supply of commercial bills the last of the month, due to a revival of exports of bread-stuffs. This has supplied a demand which has been moderate, notwithstanding our imports have largely increased of late, over a year ago. Yet as the bulk of our imports are now made by consignment of European manufacturers to their agents here, instead of by sale to our importers, on the other side, in order to secure the benefit of undervaluation, free remittances of sterling bills may not follow free imports as closely as formerly, when our imports consisted chiefly of actual purchases instead of consignments as now.

As to the prospects of the foreign exchange market, it may be safe to say that our exports are rather likely to still further increase than decrease for the summer months, as the deficit of Europe to the next crop of wheat is larger than for several years, while her stocks are very much lighter, as well as the surplus from old crop available from other exporting countries. As to the prospects for the next crop year, which begins in August, the same conditions are likely to continue with a good export demand for our wheat and flour if not for our corn and provisions and cotton, which will no doubt be sufficient to keep the foreign exchange market in an easy condition, without apparent prospects of gold exports to settle the balance of trade against us again, unless the rates of money there shall advance to a point to draw money back from this side. Should the crops prove abundant, and the export demand as large as it promises to be, there is little chance of this. The banks have also been strengthening their reserves the past month, and while the surplus is small compared with recent years, it denotes a healthy state of general business rather than otherwise, as large reserves denote a depressed state of trade.

On the other hand, and in apparent contradiction to the above indications of trade, it is claimed that the iron industries are being overdone, and

that stocks are accumulating while prices are not fully sustained, and that the woolen manufacturers are again over-producing; and, with an over-supply, that the market is weakening in spots not only, but in a good many places. This latter seems to fit in with the reports of poor retail trade during the past two months. But the anticipated effects of the Inter-State Commerce law upon new railroad building have not been realized; for, instead of checking it, there has not been such activity in the history of railroad building as the first six months of this year will show. The demand for new material and equipment must therefore be correspondingly active, and, hence, it is not the new law nor the lack of demand that ails the iron trade, if these reports of its weakening tendency are true. It must, therefore, be the result of an enormously increased capacity for production. This, indeed, as well as in the manufacture of woolen goods, is said to be the trouble, rather than in lack of demand, generally.

The reported failures throughout the United States for the past month, however, are the least for years, and less than for the previous month. Should this improved showing continue, it would not seem to bear out the above reports of the decreased demand for goods, but go to show rather that the trouble really is in too rapid increase in production in this country not only, but in the rapid increase of importations, stimulated by a systematic undervaluation, by which our own manufacturers are being undersold with European goods, which pay but a small part of the duty necessary to protect our own manufacturers.

Outside of financial and industrial circles, the chief points of interest are the enormous speculation in wheat and coffee, and the prospects of the crops and of the success of the bull cliques that are in complete control of these markets. As to these prospects, those of the Rio coffee crop are generally believed to be about 1,000,000 to 1,500,000 bags short of the average for the two years past, while the winter wheat crop of this country is likely to be deficient, both in acreage and yield, compared with an average year, and even with last crop, while the spring wheat prospects are good for an average year. India, however is deficient, and to a material extent, while the season in Europe is backward, with the prospect of a late harvest, and of little, if any increase over last year, as a whole. These being the prospects of the coming crop, it will be of interest to explain the position of these markets for the surplus of the old crop, as well as the speculative situation, and the supposed identity, purposes and ability of the cliques to carry through two of the most gigantic deals ever undertaken in these markets in this country. As to the wheat clique or cliques, there are two and perhaps three, but only brokers are known, and that their principals have all the money they want to margin up on options, and take and pay for the stock in the country. These are styled the California clique and the Cincinnati syndicate, represented respectively by Rosenfeld and Irwin & Green, on the Chicago Board of Trade, while C. J. Kershaw is the leading spirit in the manipulation, and is variously referred to as the general in chief of the two clique forces, who work together, as well as represents another unknown party, or clique, by many believed to be Armour. On the other side are the late "Big Four" bear combination of Chicago, and their followers, who comprise the great body of the members of the Chicago Board of Trade, who are supposed to be short

to these various cliques fully 40,000,000 bushels of June wheat in that market alone; while the stock of the No. 2, or speculative grade, there is only about one quarter of that amount, with possibly 6,000,000 more, that could be brought in from Duluth, Milwaukee, Minneapolis, and the Northwest during June, making 16,000,000 bushels as the maximum that could be delivered on the 40,000,000 of short contracts. This is the generally admitted situation, while the shorts are the biggest operators on the Board of Trade, and supposed to be worth squeezing for a large amount. The clique on the other hand have put up millions in margins on this 40 millions of long wheat, on which 10c. per ber bushel original margin has been generally called, under the rules, which would amount to \$4,000,000. As much more is tied up in the Chicago banks if the clique have called original margins only on the shorts, and probably half as much more if they have kept shorts margined up to the market, as they had a perfect right to do, for the market has advanced already an average of 5 cents at least on the clique purchases, which would represent \$2,000,000 in profits on the deal already. In addition to this money \$3,000,000 was reported as received in one day by the clique brokers from Cincinnati, during the last week in May, besides several millions more at other times and from other sources, including Chicago banks, with which to pay for the No. 2 wheat in Chicago delivered on June 1st. At an average price paid by the clique of 83 cents, the market being 88½ cents on the last day of May, \$8,300,000 were required to pay for 10,000,000 of wheat, and \$11,000,000 supposing they took in the whole stock of No. 2 in Chicago. Such is the magnitude of the Chicago wheat deal in the June option alone, besides a large amount tied up in margins on every month from May to December, and even on May, 1888. So persistent have the bears been in selling "this wheat" that they have sold this crop to the clique until they were afraid to sell it longer, when they sold the next crop over and over, to the public, even before the spring crop was sown or the winter crop assured. Here is seen to be at least \$20,000,000 of money tied up by the June wheat deal directly; and, indirectly, a large amount more by "straddles" between that and all the other markets in the West and Northwest. Not only this, but this same California Syndicate, which is supposed to embrace the bonanza kings, from the fact that it had unlimited credit at the Nevada Bank, owns and holds all the California wheat in California, on passage, and in Liverpool and London, while the New York market is supposed to be oversold to the Cincinnati cliques' friends in New York, which is supposed to be backed by the Standard Oil kings, from whom the money was believed to have been forwarded to Chicago, to take in the June wheat.

Ladenburg, Thalmann & Co., the New York bankers, in whose firm Bleicheroder, the great Berlin Government banker, is a special partner for \$600,000, are supposed to have a large amount of long wheat in the New York market, while they took in and shipped a large part of the 3,000,000 bushels of red delivered on May contracts, and Gruner & Co., who have been the chief manipulators of the great advance in coffee, from about 8 cents up to 16, took in the bulk of the balance of the May deliveries, but no one knew for whom.

This is the present status of the greatest wheat deal that has ever been attempted

in this country. But the clique have not as yet bulled the market, only they have bought all that the bears would sell, when the market was weak, while they have sold every time the shorts have been scared into covering, and checked the advance, every time it became wild. Evidently the manipulators have not been ready for the advance so far. But it is said that the deal will culminate in June, and that the big shorts will be compelled to pay \$1 before the clique will settle with them. As they have all the June wheat, they can make their own price, for the outsiders who followed the clique, and are long, bought July instead of June, fearing the clique would turn the deal over from June into July, as it did from May into June, and leave them to get out of their June at the least price the shorts would pay. The big shorts believing this too, doubled up their line of short June wheat, after the latter was at a premium over July. It will thus be seen that while the clique has all the June wheat itself and no one else has any to sell to the shorts, they have got the short interest in this crop all concentrated in June, where it can now be "squeezed for all it is worth" at the same time. Even the bears themselves admit that it has been not only the most secretly, but the most skillfully managed deal that was ever run in these markets, as it is the most gigantic and involves the most money, staked upon belief in present prices as a safe investment.

In addition to Gruner & Co., the leading spirits in the coffee deal, Skiddy, Minford & Co., Scott and Hard & Hand, are said to have made immense sums for their customers out of the advance from 8 to 20 cents per pound. This movement, however, was started on the other side, and this market was bulled by cable, from there largely as well as from Rio, where the short crop scare set the trade wild, and they bought wherever they could do so cheapest. The European markets generally have moved up with this, and, with light stocks in the hands of the trade in this country, the movement was made doubly easy by the aid of consumptive demand. But the belief is that the shortage of crop is now over-discounted, and that the adulteration of coffee will increase, at 20 cents per pound, to such an extent as to seriously reduce consumption and cause a sharp reaction, even should crop estimates prove true.

Other markets, except cotton, have shown little activity, and have been somewhat irregular. Provisions have declined under an increased supply of hogs at the far West, while export demand has been very slow and the bull speculators got tired of waiting for the promised corner in ribs and lard that was seen in pork in March, and threw over their lard, causing a decline of over 1 per cent. per pound in both. Cotton has been irregular, but on the whole, its tendency has been upward and seems to be so still upon a good statistical position of the market, with good milling demand and increasing speculation in this staple again after three years of neglect and depression. Petroleum has become an almost obsolete article of speculation, as the Standard Oil Company has killed the speculative goose that laid its golden eggs. But it has the producers of this country and the refiners in their grip still, thanks to the "honest" statesmen of Harrisburgh, who killed the Anti-Standard Pipe Line Charges bill in the Pennsylvania Legislature. Otherwise there is little of change or interest in these markets, except that ocean freight lost most of the advance of the winter during the spring, but are now looking up,

since European exporters of our wheat made up their minds that it was useless to wait longer for the Chicago wheat cliques to collapse, and that they would get hungry on the other side if they waited any longer, and bought our wheat freely, as they have for the last of May, on orders from the other side, although they have kept selling next crop options, of which they were already very heavily short for European account, and on which they are likely to lose all they have made on the short side for three years past, when there was a premium of 1 cent per bushel on each successive future month, whereas, there is now a discount on every month from June to December, which thus compels the shorts to pay, and not to make the carrying charges as always hitherto. This is a radical and unprecedented change in the speculative position of this market that will last, so long as the bears continue to sell and the clique to buy the long futures at a discount.

The reports of the New York Clearing-house returns compare as follows:

1887.	Loans.	Specie.	Legal Tenders.	Deposits.	Circulation.	Surplus.
May 7..	\$356,420,300	\$76,850,100	\$21,830,800	\$376,633,200	\$2,320,200	\$4,522,600
" 14..	365,481,800	75,161,900	22,935,100	375,742,200	8,277,900	4,161,450
" 21..	365,843,600	74,439,000	23,882,200	374,656,000	8,264,800	4,657,200
" 28..	364,463,500	73,755,600	24,889,200	371,460,800	8,266,000	5,779,600

The Boston bank statement is as follows:

1887.	Loans.	Specie.	Legal Tenders.	Deposits.	Circulation.
April 30.....	140,530,700	10,234,500	2,360,100	106,819,000	10,103,600
May 7.....	141,789,800	10,665,300	2,423,700	111,062,600	9,979,700
" 14.....	141,270,400	11,536,300	2,488,200	112,262,900	9,953,900
" 21.....	142,859,900	11,193,700	2,401,900	113,166,300	9,966,500
" 28.....	143,927,300	10,897,500	2,467,100	112,290,200	9,981,100

The Clearing-house exhibit of the Philadelphia banks is as annexed:

1887.	Loans.	Reserves.	Deposits.	Circulation.
May 7.....	\$88,162,600	\$24,768,000	\$87,633,000	\$3,452,650
" 14.....	88,332,000	24,169,000	88,147,700	3,450,150
" 21.....	87,712,900	23,916,600	87,412,700	3,444,150
" 28.....	88,669,200	24,084,450	88,258,800	3,443,150

DEATHS.

FORST.—On May 9, aged sixty-five years, DANIEL P. FORST, President of Mechanics' National Bank, Trenton, N. J.

GILMAN.—On April 13, aged seventy-one years, ELIAS E. GILMAN, Treasurer of Mechanics' Savings Bank, Winsted, Conn.

LONG.—On April 24, aged seventy-three years, NIMROD LONG, senior partner of firm of N. Long & Co., Russellville, Ky.

MACY.—On May 19, aged eighty-two years, WILLIAM H. MACY, President of Seamen's Bank for Savings, New York City, N. Y.

McKIM.—On May 9, aged seventy-one years, ROBERT McKIM, President of First National Bank, Madison, Ind.

MONAHAN.—On May 13, aged seventy-five years, THOMAS MONAHAN, President of Fulton National Bank, New York City, N. Y.

WESTOVER.—On May 19, aged eighty-nine years, JOHN WESTOVER, President of Bank of Richmondville, Richmondville, N. Y.



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